

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:     )

)     File No. NY-09743-A

RECoin                     )

WITNESS:     Maksim Zaslavskiy

PAGES:       1 through 187

PLACE:       Securities and Exchange Commission

New York Regional Office

200 Vesey Street, Suite 400

New York, New York 10281

DATE:        Wednesday, September 20, 2017

The above-entitled matter came on for hearing,  
pursuant to notice, at 9:10 a.m.

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1 APPEARANCES:

2

3 On behalf of the Securities and Exchange Commission:

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13 On behalf of the Witness:

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1 PROCEEDINGS

2 MR. TENREIRO: So, we're on the record at

3 9:00-something a.m. on September 20th, I think.

4 THE WITNESS: Yeah. September 20th, 9:10.

5 MR. TENREIRO: Okay. Would you please raise

6 your right hand.

7 Do you swear or affirm to tell the truth,

8 the whole truth and nothing but the truth?

9 THE WITNESS: I do.

10 Whereupon,

11 MAKSIM ZASLAVSKIY

12 was called as a witness and, having been first duly

13 sworn, was examined and testified as follows:

14 EXAMINATION

15 BY MR. TENREIRO:

16 Q Please state and spell your full name for

17 the record.

18 A Maksim Zaslavskiy.

19 Q You can put your hand down. Thank you.

20 A Z-A-S-L-A-V-S-K-I-Y and the first name is

21 M-A-K-S-I-M.

22 Q Okay. And are you represented by counsel,

23 Mr. Zaslavskiy?

24 A No.

25 Q Okay. So, as I think I've mentioned before

1 in our communications, you have the right to be

2 represented by counsel, accompanied by counsel or advised

3 by counsel during or after the examination here, and upon

4 your request these proceedings may be adjourned so that

5 you can obtain counsel, should you need to do so.

6 And as you know, my name is Jorge Tenreiro

7 and this is my colleague, Valerie Szczepanik. We are

8 officers of the United States Securities and Exchange

9 Commission for purposes of these proceedings.

10 I'll just go through some of the, I guess,

11 formalities, but, you know, just -- you probably also

12 know this.

13 This is an investigation by the United

14 States Securities and Exchange Commission in the matter

15 of RECoin, R-E-C-O-I-N, NY-9743, to determine whether

16 there have been any violations of certain provisions of

17 the federal securities laws.

18 However, the facts developed in this

19 investigation might constitute violations of other

20 federal or state civil or criminal laws.

21 Prior to the opening of the record you were

22 provided with the Formal Order of Investigation and this

23 will be available to you throughout these proceedings.

24 Have you had an opportunity to look at this

25 or do you have any questions?

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1 A That's the one you sent me, right?

2 **Q No. This is not -- I have not sent you**

3 **that. So, take a look at it.**

4 MR. TENREIRO: We'll mark this as Exhibit 1.

5 (SEC Exhibit No. 1 was marked for

6 identification.)

7 THE WITNESS: Question. You're calling --

8 are you calling it security, securities? Okay.

9 **Q All right. So you've had an opportunity to**

10 **review the Formal Order?**

11 A Yeah.

12 **Q Do you have any questions for us at this**

13 **time?**

14 A You mentioned securities. Can you explain

15 that one? Are you calling it securities? Are you

16 calling -- it's not a security.

17 **Q So, I think you're referring to the first**

18 **sentence; is that right?**

19 A Yeah.

20 **Q I think it's just a --**

21 BY MS. SZCZEPANIK:

22 **Q You're pointing to the sentence in the**

23 **Formal Order?**

24 A Yeah. In the beginning it says it's a

25 security. It's not a security, so.

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1 MR. TENREIRO: Yeah. I think -- we're not

2 saying that it is or isn't.

3 **Q So, this it just the document that provides**

4 **authority for the Commission to -- Commission staff to**

5 **proceed with this investigation.**

6 We haven't drawn any conclusions one way or

7 the other about anything in this investigation. So, this

8 is a fact-finding inquiry and we're going to ask

9 questions today.

10 A Okay.

11 **Q So, don't worry about definitions or words.**

12 **If you don't understand a question that we ask, please**

13 **let us know.**

14 A Okay.

15 **Q But, we're going to be -- we're in a**

16 **fact-finding stage and we're going to be asking you**

17 **questions.**

18 A That's fine.

19 BY MR. TENREIRO:

20 **Q Okay. And so, prior -- prior to the opening**

21 **of the record, you were also provided with a copy of**

22 **what's called the Commission's Supplemental Information**

23 **Form, which I also e-mailed you with a subpoena and a**

24 **copy of that notice that has now been marked as**

25 **Exhibit 1.**

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1 **Have you had an opportunity to review**

2 **Exhibit 1?**

3 A Yes.

4 **Q Okay. And since you don't have an attorney,**

5 **I just want to, you know, remind you of a couple of**

6 **things that Form 1662, Exhibit 1, cover.**

7 **You know, it provides, among other things, criminal**

8 **penalties for knowingly providing false information or**

9 **testimony or using false documents in connection with**

10 **this investigation.**

11 **It also provides that the information you**

12 **give us is subject to the Commission's routine uses,**

13 **including sharing with other law enforcement agencies.**

14 A Okay.

15 **Q And you have the right to assert the Fifth**

16 **Amendment to the Constitution and refuse to answer any**

17 **questions which might tend to incriminate you.**

18 A Okay.

19 **Q Okay? Do you have any other questions about**

20 **Form 1662?**

21 A No.

22 **Q All right. And now, as you can tell, you**

23 **know, everything is on the record. The court reporter**

24 **only goes off the record at my request. But, if you need**

25 **a break, let me know and, you know, if there's no**

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1 **questions, we can take a break.**

2 **She's recording everything that is being**

3 **said. So, what's important here is that you let me**

4 **finish my questions and I'll let you finish your answers**

5 **before, that we don't interrupt each other.**

6 **And it's also important that you give not --**

7 **only verbal answers. So, shaking the head or nodding the**

8 **head, she won't be able to record that.**

9 **Is that understood?**

10 A Yes.

11 **Q Okay. And as Ms. Szczepanik said, if you**

12 **don't understand a question, please let me know and I'll**

13 **try to rephrase it.**

14 **Now, you're comfortable with having this**

15 **testimony in English; is that correct?**

16 A Yeah. Of course.

17 **Q Okay. Do you have any medical or any other**

18 **condition that might impair your ability to give truthful**

19 **testimony today?**

20 A No.

21 **Q Is there any reason that you cannot give**

22 **truthful testimony?**

23 A No.

24 **Q Okay. And you understand that you are under**

25 **oath for the duration of the testimony?**

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1 A Yes.

2 **Q All right. Now, I'm going to show you now**  
3 **what I'm going to ask the court reporter to mark as**  
4 **Exhibit 2, please.**

5 (SEC Exhibit No. 2 was marked for  
6 identification.)

7 THE WITNESS: That's what I got.

8 **Q Yeah. Exhibit 2, Mr. Zaslavskiy -- am I**  
9 **saying that right? Zaslavskiy? Sort of?**

10 A Max.

11 **Q Max? Okay.**

12 A You'll break a leg, that's why I made it  
13 shorter, as far as all of it.

14 **Q Okay. So, Exhibit 2 is a copy -- is this a**  
15 **copy of the subpoena that you're appearing pursuant to**  
16 **today?**

17 A Yes.

18 **Q Okay. And, as you're aware, the subpoena**  
19 **calls for the production of certain documents.**

20 A Okay.

21 **Q And before we went on the record, you**  
22 **provided the Staff with a -- with this envelope, this**  
23 **stack of documents that we haven't looked yet. But,**  
24 **is --**

25 A Yes.

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1 **Q Are these documents provided in response to**  
2 **the subpoena?**

3 A Yes.

4 **Q Okay. Can you please describe the search**  
5 **that you conducted to arrive -- to find these documents.**  
6 **What did you do?**

7 A Internet. It's all public. We didn't hide  
8 it. And stuff that was e-mailed, we have it.

9 We do have -- for example, it says here, if  
10 you, like, rewrite a paper, but now we do everything  
11 Google Drive. So, when you rewrite, it deletes it. So,  
12 we don't have those rewrites.

13 **Q Right.**

14 A I mean, before it -- it wasn't published, it  
15 wasn't sent. But, when we, like, internally write,  
16 nobody keeps it. I'm pretty sure now I need to, but,  
17 until then, nobody thought they would need it.

18 **Q Okay. And in terms of -- I haven't looked**  
19 **at this stack, so, I apologize. But, I'll just ask**  
20 **you --**

21 A But, it is -- no. I know I just brought it  
22 in.

23 **Q The e-mails that you had with people, are**  
24 **these in the stack or are you --**

25 A E-mails with people? We didn't send any

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1 (unintelligible). So, e-mail doesn't fall under --

2 THE REPORTER: We didn't send any what? I'm  
3 sorry.

4 THE WITNESS: We didn't sell any securities,  
5 any tokens. If you would have -- basically, we're  
6 a membership club, so there is no securities, not  
7 whatever it says there. We had no tokens yet even  
8 to sell, because we never got to that stage.

9 So, we are writing between different people  
10 doesn't fall under your questions. If I would have  
11 sold, like you said, tokens or digital currency or  
12 that, it did fall, but we didn't get to that stage.  
13 We closed the project before that. The project is  
14 closed.

15 So, writing to people, getting documents  
16 about people, I also don't have all of it, because  
17 it's all over the site. We don't -- we never kept  
18 it.

19 But, as far as me completing what it says in  
20 this paper, I did the best I could as far as  
21 explaining it.

22 We never sold them the tokens. We never got  
23 to that stage. We closed the project before  
24 everything, because we could not -- the backing at  
25 this point of time is too risky.

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1 **Q The backing, you said?**

2 A Yeah. The real estate. Do you want me to  
3 explain?

4 **Q Yes. Go ahead.**

5 A Here's the problem with the backing of the  
6 real estate. In case of emergency I cannot sell it fast  
7 enough to cover those memberships.

8 **Q Um-hum.**

9 A And the problem, that's one problem, that we  
10 sold, like, a week and a half into it and that's why we  
11 started close, we close the project.

12 It's -- what I was saying is basically, in  
13 case of emergency we can cover it. We would not be able  
14 to do it, just because, to sell a house these days takes  
15 longer.

16 And -- and a lot of people will own, let's  
17 say, doesn't matter what they own, but they -- I would  
18 not be able to convert it back fast enough.

19 **Q Um-hum.**

20 A That's why we closed the project. I'm sure  
21 I'm going to be back here with another project, because,  
22 it's this same thing, it's just different hedge, because,  
23 the hedging itself, it's more liquid.

24 **Q You mean, the different -- something backing**  
25 **it.**

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1 A Yeah. The backing. I told you this. We  
2 moved to diamond, I'm sure you saw on Internet. We're  
3 not hiding the -- we told people that we -- you have a  
4 choice of moving or we can refund you. And we can refund  
5 you.

6 So, if, by the time we're going to -- we  
7 trying to close it next month, so if you want a list of  
8 what's left, I don't have a problem to provide it.

9 But, as far as -- in this paper it always  
10 said token; we never got to that stage.

11 **Q So, let me ask you --**

12 A Okay. Go ahead. Sorry.

13 **Q Are you finished?**

14 A Yeah.

15 **Q Okay. I have -- I will have a number of**  
16 **questions. Let me go back to my original question --**

17 A Okay.

18 **Q -- first, which was about e-mails.**

19 A Okay.

20 **Q Have you provided us with e-mails that you**  
21 **might have had communicating with potential --**

22 A No. Not.

23 **Q -- let me just finish the question -- with**  
24 **potential people who are interested in buying, you know,**  
25 **memberships or --**

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1 was not holding. It's not --

2 They didn't send direct in e-mail. They  
3 write to us, for example, on Facebook, which is public  
4 information. You can go and see it. I got a couple  
5 LinkedIn, but I don't answer on LinkedIns, just  
6 because --

7 MR. TENREIRO: LinkedIn.

8 THE WITNESS: I'm sorry.

9 MR. TENREIRO: That's what was said.  
10 LinkedIn.

11 THE REPORTER: It's fine. It's just -- it's  
12 fine. It's just, with your accent --

13 THE WITNESS: I can send you where it is. I  
14 don't, like -- we're not hiding it, but, to send  
15 you, what, screen shots, you're going to -- I mean,  
16 I'll just give you access to find it.

17 BY MS. SZCZEPANIK:

18 **Q Let me ask you a question: Do you have --**  
19 **do you have control over any e-mail addresses?**

20 A Do I? Well, our own e-mails, yes.

21 **Q Okay. Let us know -- what e-mail addresses**  
22 **have you used --**

23 A [REDACTED]

24 MR. TENREIRO: [REDACTED]

25 **Q [REDACTED]**

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1 A I did not provide that.

2 **Q -- future -- okay.**

3 THE REPORTER: Can I ask you to wait until  
4 he's finished with his question?

5 THE WITNESS: Sorry.

6 THE REPORTER: It's hard to take you both at  
7 the same time. Thank you.

8 So, your answer was, "with potential people  
9 interested in buying, you know, buying  
10 memberships," then you said, "I did not" --

11 THE WITNESS: I did not provide it in that.

12 THE REPORTER: Okay. Thank you.

13 **Q So, we can discuss afterwards -- but I'll**  
14 **just, you know -- the -- the covers in the subpoena, but**  
15 **we're still interested and we're still requesting those**  
16 **communications.**

17 **I understand that you -- or explained now**  
18 **that you haven't actually sold tokens. But, the subpoena**  
19 **does call for communications with potential purchasers of**  
20 **the tokens, as well.**

21 A Whatever we send out to people, that's all  
22 there. Whatever they wrote to us into different --

23 We're talking about -- about 40 different  
24 sites. Even if I want to, I'm not going to be able -- I  
25 can give you the link to them. And it's not up to us, it

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1 A [REDACTED] -- I'm sorry. [REDACTED]

2 **Q Okay. [REDACTED].**

3 A Let me show.

4 MR. TENREIRO: Yeah.

5 **Q Okay.**

6 A And I use a couple with my personal, which  
7 is always [REDACTED] But, I never directly  
8 answered, because most of the people just write, try to  
9 sell us something. Not trying to explain us.

10 **Q So, besides those two addresses, did you use**  
11 **or control any other e-mail addresses for the past?**

12 A Just for the money and it linked to a  
13 different e-mail.

14 **Q What is that e-mail?**

15 A [REDACTED] and just -- that's just  
16 for, like, Stripe, PayPal. So, if I need to, in case of  
17 emergency, if you open, I would have that access.

18 THE REPORTER: That's just for what people?  
19 I'm sorry.

20 THE WITNESS: Payment systems.

21 MR. TENREIRO: Paypal. Paypal.

22 THE WITNESS: Paypal, Stripe.

23 THE REPORTER: Stripe. That's the word --  
24 okay. Thank you.

25 THE WITNESS: Okay. That's just

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1 different -- just in case. Because, if my head is  
2 on the line, I wouldn't have access to the money.

3 **Q Any other e-mail addresses?**

4 A No. That's it as far as -- no.

5 **Q When you refer to "we" in your answers, who  
6 are you referring to?**

7 A I have a team of people that's working for  
8 me in Ukraine mostly right now. Just because, I mean,  
9 the whole project, it's not -- it's tokenized, but it's  
10 not based on tokens. Try to understand that.

11 You know Amazon Prime?

12 MR. TENREIRO: Yes, I do.

13 THE WITNESS: Of course. So, it is about  
14 the same. It's just tokenized as a membership  
15 token. It has different potentials. It has a  
16 security potential, as far as ledgers, like  
17 Wal-Mart is trying to use for their food.

18 So, we -- so, that's why we wrote IMO,  
19 not -- because, it's -- all the time ICO, just  
20 because it's initial membership offering. They'll  
21 have more and more access.

22 That's why I travel a lot. I'm trying to  
23 get more and more discounts and different things.

24 And as far as RECoin, it's closed. But,  
25 their COC -- I'm not sure what it stands for. You

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1 THE REPORTER: Where? I'm sorry.

2 MR. TENREIRO: Solomon Smith Barney.

3 THE WITNESS: Solomon Smith Barney. And if  
4 that happens, people are going to get scary. Our  
5 projects will -- will, I believe, will stand all of  
6 it.

7 But, because of the problems that might  
8 come, I'm going to need to convert it back and deal  
9 with that problem. With the real estate I'm not  
10 going to be able to do.

11 And another problem that I am seeing with  
12 real estate, like, I look at the different things,  
13 the problem is, the real estate is dumping.

14 BY MR. TENREIRO:

15 **Q Is dumping?**

16 A Going down. And that's probably going to  
17 come here.

18 So, again, because of all those safety  
19 reasons and when I went to Emen (phonetic), when I talked  
20 to you first time I was at the conference, San Francisco,  
21 like one of the biggest real estate conferences, people  
22 are talking -- well, salespeople. We're not going to  
23 talk about the rest of the people.

24 They actually agree that it might bubble up.  
25 And all of that at the same time. And it was sad, but,

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1 will have the same one for me. But, for the other  
2 one, what it is, it's a club. It's not glued to  
3 any software, it's not glued to any one thing.

4 The more discount I give the member --  
5 (unintelligible) discount. The more affiliate  
6 program I'll sign up, they'll have, again,  
7 discount.

8 THE REPORTER: I'm sorry. What was the last  
9 thing you said?

10 MR. TENREIRO: Affiliate, I think.

11 THE WITNESS: It's not standard to what you  
12 see. It's like, there is one trying to contact me  
13 with real estate, which is called Atlas I.O.,  
14 something like that.

15 That's -- it's not going to happen.  
16 That's stupid. And that's another reason why I got  
17 scared making with the real estate.

18 If I'm right -- and I'm not stupid. But, at  
19 least 50 percent, it's the bubble who's going to  
20 blow out like -- dot-com bubble. Do you remember?  
21 Like, I used to work across the street.

22 **Q Where did you work?**

23 A Salomon Smith Barney.

24 **Q Okay.**

25 A I worked until I was 18.

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1 if it happened a week prior, I would have stopped it  
2 before. Emen was going on when we already started.

3 **Q When was the date of that conference?**

4 A We started on August 7th, so the conference  
5 was August 7th, Monday through Friday.

6 **Q That's -- and you're saying at that  
7 conference people were telling you that --**

8 A It's not only people --

9 **Q Let me just finish it.**

10 A I'm sorry.

11 **Q No. No. Go ahead.**

12 A They were talking about each other. I  
13 listen. I do not, you know -- I'm going to need people  
14 to explain like I'm explaining what we're doing now,  
15 pretty sure we're gonna be -- you'll take your time and  
16 I'm sure I'm going to come in a second time.

17 Just because, we're not doing what the rest  
18 of the people with all the other crap -- I'm sorry to  
19 say, but it is a lot of them, like, I read a lot of white  
20 papers just to see where it's going. They're happy to  
21 dump.

22 Some of them, I -- if you read the white  
23 papers, you have five cells, you understand, it's not  
24 possible. Same as Atlas. They took pieces from us.  
25 They talking about some investment to real estate.

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1 It is impossible, unless on one condition,  
2 if you buy the real estate up front. If you buy it for  
3 the money that you raised, you have a risk, in case of  
4 emergency or any kind of emergency.

5 Now, listen. We live in a world of -- World  
6 War III, hurricane, anything can happen. You just put  
7 whole bunch of people.

8 In our case, we're a membership club. We  
9 give access, yeah. We are building a ecosystem, the  
10 first ecosystem. Not all ecosystem the first. What does  
11 that mean?

12 I'm building for my own parking platforms,  
13 for example, like, advertising platforms, where they can  
14 be able to have access and so forth.

15 The reason, so, when I go to the, for  
16 example, to Costco or to -- they'll see, they're not  
17 going to be the first ones.

18 So, I'm building, like, for example, five,  
19 six, seven -- first ones, but then we going to sign up  
20 partners. They going to accept or they going to give  
21 discount, whatever. But, we're a club. And that's the  
22 whole idea from the beginning was to be a club.

23 Yeah. For safety reasons I wanted to hedge  
24 back with the real estate, because I like real estate.  
25 But, I mean, who doesn't. But, for safety reasons we had

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1 you have them all there.

2 **Q Okay.**

3 A And the e-mail that we sent to people, as  
4 far as advertising, they're all there.

5 **Q Okay. So, what --**

6 A That one I brought.

7 **Q All right. Great.**

8 BY MS. SZCZEPANIK:

9 **Q When you say refunds were issued, what  
10 funds -- how much was taken in?**

11 A We lost the big investors, which is about  
12 2 mils. The rest, small ones. I think we have left -- I  
13 can send you exact number -- about 100,000 and some  
14 change. Those are the people that decided to stay for  
15 the next project with us. And some people were just  
16 slower.

17 So, like, yesterday we sent out an e-mail.  
18 (Unintelligible.) Nobody wanted to respond.

19 **Q Okay.**

20 A They send us e-mails or they write on  
21 Facebook. We ask them questions, like fact or find out,  
22 like, how they paid, with what.

23 We usually refund 24 to 48 hours. Sometimes  
24 it takes longer, just because -- just because it's not up  
25 to us, it's -- for example, Stripe, it's an Indian

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1 to go.

2 **Q Okay. So -- so, just to close the loop a  
3 little bit on these e-mails. We were talking about --  
4 and I'll get to that in a minute. But, I want to make  
5 sure I understand where we are with these documents.**

6 **You were referring to 40 or so websites, and  
7 I think some of the ones you mentioned were LinkedIn and  
8 Facebook and things like that.**

9 **So, some of the websites, you're saying, are  
10 just public websites where people communicate --**

11 A Um-hum.

12 **Q -- with you or with RECoin; is that fair?**

13 A Um-hum.

14 **Q Okay. But, there are some e-mail accounts?**

15 A E-mail accounts were only answered --  
16 refunds. Were the last -- for two weeks. Just refunds.  
17 They write us about refunds and we issue.

18 **Q Okay. So --**

19 A So, that's why I didn't bring. I didn't  
20 bring it because, like I said, in your subpoena it said  
21 tokenized. We never got to that stage.

22 That's why, as far as my understanding, I  
23 didn't need to provide that particular document, because  
24 we didn't get to that stage.

25 And then, as far as advertising documents,

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1 person, it takes a week to issue a refund. It's -- I  
2 mean, we push the button, but it doesn't go back.

3 BY MR. TENREIRO:

4 **Q 100,000 people or \$100,000?**

5 A \$100,000.

6 BY MS. SZCZEPANIK:

7 **Q So, all in all you took in approximately  
8 two million, one hundred --**

9 A We have not taken it -- we have a  
10 understanding with certain people and they were willing  
11 to be, I guess, investors.

12 But, we didn't take anything from them,  
13 because we were still closing the project. And we were  
14 going to extend the service, so, then, most of them went  
15 away.

16 What we did take, about -- I think about  
17 300,000 --

18 THE REPORTER: Did you say 300,000?

19 THE WITNESS: Yeah. Around that and change.  
20 If you want exact numbers, I'll pick up that.

21 **Q So, was the 300,000 --**

22 A Oh, yeah. Credit cards.

23 **Q How many?**

24 A Credit cards, mostly.

25 **Q Credit cards. Okay.**



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1 A We are able to accept credit cards, because  
2 we are a membership, not -- not whatever the other stuff  
3 is. Just because, we're not running away, so we got to  
4 be able to take credit cards. It's not a problem with  
5 fraud.

6 Actually, I left another conference  
7 yesterday about how to fight it. Because, a lot of  
8 things happen and they buy with a credit card, it's not  
9 theirs.

10 They get, for example, a token in some  
11 cases, and by the time I find out it's fraud, the token  
12 already will be somewhere else.

13 I understand that would be a problem, so I'm  
14 trying to research it and put in implementation of the  
15 right way so I will not have the problem of, again, going  
16 back to hedging. I still need to buy diamond for that  
17 project, so.

18 **Q So, for the --**

19 A Next project.

20 **Q For the people who paid by credit card --**

21 A Yeah.

22 **Q -- what was the person or entity that they  
23 paid? What was the name?**

24 A One they paid to? 101RECoin.

25 BY MR. TENREIRO:

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1 you can -- you can specify there. But, if you write me  
2 the questions, I'm going to go to --

3 **Q And these thousand people, where are they?  
4 Are they all over the world?**

5 A All over. All over.

6 **Q Are there any in the United States?**

7 A Some of them. Yes.

8 **Q Okay. The -- you've been talking about a  
9 refund and converting to another project, and I just  
10 wanted to ask, how did you communicate to people that had  
11 purchased or that had sent you money, how did you  
12 communicate that you were shutting down RECoin and you  
13 were --**

14 A We used, first, press release, then  
15 everybody who had RECoin would send an e-mail. You have  
16 that there.

17 **Q Where -- where was the press release?**

18 A You have it, also, there and all over the  
19 news. Official.

20 **Q What --**

21 A Again, if you want, I'll go into the system  
22 so that we -- to which -- through which press release  
23 companies we issue. I can go and get the printout, where  
24 it was released and so forth, but then, we also, we post  
25 it, again, on Facebook and so forth.

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1 **Q 101RECoin?**

2 A Yeah. RECoin -- I'll send you the docs.  
3 Sorry. I forgot docs. It didn't say there, but I'll  
4 send you the copy of registration, tax I.D. number and so  
5 forth.

6 **Q Well, let's -- okay. I won't --**

7 A Yeah. Just write it down and you can remind  
8 me later and I'll --

9 **Q So, you -- so, you raised about \$300,000 in  
10 credit cards?**

11 A And so forth. Yes.

12 **Q And you have issued refunds for everything  
13 except for about 100 thousand?**

14 A About. It's 110 -- I can tell you exact  
15 numbers, because we still in communication. They have  
16 until next month. If not, we're going to transfer, but,  
17 pretty much we won't have a problem to issue them.

18 **Q Okay. And how many individuals are involved  
19 in these, you know, in the, you know, in the 300,000 that  
20 were raised? Approximation is fine.**

21 A Close to a thousand and change.

22 **Q A thousand people?**

23 A Yeah. Roughly.

24 **Q Okay.**

25 A Again, I can tell you -- if that's necessary

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1 **Q Did you post it on the 101RECoin website?**

2 A No.

3 **Q Okay.**

4 A I don't think so.

5 **Q All right. So, I'll --**

6 A The RECoin website, you don't post it.  
7 you -- right now everybody uses Facebook.

8 **Q Okay. So, I will look at the -- I'll look  
9 at the press release and ask you questions about it out  
10 afterwards.**

11 A Yeah. Uh-huh. Everybody right now uses --  
12 I mean, nobody, like, really puts too much news on the  
13 site, usually their Facebook, which is the most use for  
14 my -- of a lot of countries and some other --

15 MR. TENREIRO: So, let me ask the court  
16 reporter to mark Exhibit 3, please.

17 (SEC Exhibit No. 3 was marked for  
18 identification.)

19 **Q So, take a look at Exhibit 3 and let me know  
20 if you recognize it.**

21 A That's the problem with screen shots of our  
22 site.

23 **Q Okay. So, do you recognize this as screen  
24 shots of the 101RECoin website?**

25 A Yes.



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1 Q Okay. And is this -- I mean, I can  
2 represent to you this was printed yesterday, but does  
3 this -- is this more or less what it looks like today, as  
4 far as you know?

5 A Yes. I was printing you a copy of it --

6 Q Oh. You printed it. Okay. There you go.

7 A Yes.

8 Q Okay. Thank you. Oh, yeah. There, on the  
9 white paper. Okay.

10 All right. So, then, I have a question. On  
11 the very first page of this document, Exhibit 3, on the  
12 left side, do you see where it says, "Already purchased  
13 2,894,367 REC," and then, underneath it says, "by  
14 RECoin"?

15 A Yeah. But, it doesn't work anymore.

16 Q So, but, what does that refer to? Just  
17 explain to me --

18 A When we stopped it, that's where we were as  
19 far as selling the -- RECoins.

20 Q 2.8 million?

21 A Yes. And I told you, the guys who were the  
22 big guys, they went away. We didn't take their money.

23 Because, when we start shutting it down, we  
24 just started shutting down. We told people that that's  
25 it. It's not going to work. People don't like that it's

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1 A No. That -- I'm talking about the big guys.

2 They wrote, they signed, but they never paid, because we  
3 stopped it.

4 Q Okay.

5 BY MS. SZCZEPANIK:

6 Q And who were they?

7 A We have one Ukrainian banker, just because  
8 they -- I mean, we've been in business for a long time  
9 and they trust that I'm not going to run away with money.  
10 So -- and they did like the concept with real estate in  
11 the United States, because that's where the star landed.

12 BY MR. TENREIRO:

13 Q That's where the what? The star?

14 A The star. There's five countries --

15 Q Uh-huh.

16 A -- and the star should have been in the  
17 United States.

18 For example, I move here, said can I trust  
19 this country more than the most -- like, you know, being  
20 from another country and growing up here, you respect it  
21 a lot more, then -- and so forth.

22 That's what the price is. But, because we  
23 stopped it, the site is not being used.

24 BY MS. SZCZEPANIK:

25 Q Okay. So, when was the Ukrainian banker --

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1 not real estate and they left. I can't, I mean, beg them  
2 or "Stay, please."

3 Q Okay. So, just so I understand -- my -- is  
4 it correct to say that the RECoin was valued at  
5 approximately 1 U.S. dollar per RECoin, without counting  
6 for the discounts?

7 A Yes.

8 Q I know that there was 85 cents and --

9 A It stayed at 85 cents. Like I said, we  
10 never even went further than that.

11 Q Okay. So, this website says here that  
12 2.8 million had already been purchased. I guess, can you  
13 explain to me what it means? What does it refer to?

14 A At that point when we stopped, we kept the  
15 site because of -- just, we kept the site. That's when  
16 it's either sale or we have some big guy that it wants to  
17 buy a lot of them and was trying to get a discount even  
18 deeper.

19 Q Okay.

20 A And because I have a limit on discounts, how  
21 much I can give, just because, again, being hedged by  
22 something. That's what the thing is. But, we never got  
23 the money.

24 Q And it says -- by -- you got some money, at  
25 least, some of the 300,000, you said, right?

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1 what was the name of that entity or individual?

2 A Individual? Genad (phonetic).

3 BY MR. TENREIRO:

4 Q Can you spell it?

5 A Genad. I don't know how you write it.  
6 Genadi (phonetic).

7 BY MS. SZCZEPANIK:

8 Q Can you spell it? You don't know how?

9 A I didn't ask for his spelling.

10 Q Right, but --

11 A I know for a long time, but --

12 Q What was the e-mail address that he was  
13 communicating with you with?

14 A I go to Ukraine a lot. Just talking.

15 Q Okay. So, the -- who is --

16 A Okay. If you're trying, as far as  
17 communications, nowadays not a lot of people communicate  
18 through e-mail. They either YVerse, which is a system,  
19 if you know what it is. (Unintelligible.)

20 BY MR. TENREIRO:

21 Q What's that, YVerse?

22 A Or Facebook. Mostly right now on Facebook.  
23 And that's it. And nobody kept a record. I mean, in the  
24 new project I understand that I need to keep all those  
25 records.

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1 BY MS. SZCZEPANIK:

2 **Q Did you ever communicate electronically with**  
3 **the Ukrainian banker?**

4 A No.

5 **Q It was all in person --**

6 A Yeah.

7 **Q -- face to face?**

8 A They like face to face. If you e-mail so  
9 much money, believe me, it's face to face.

10 BY MR. TENREIRO:

11 **Q And when did you communicate with him?**

12 A Last time? We talked when I told him the  
13 project was closing, about three weeks ago.

14 **Q So, you were in Ukraine three weeks ago?**

15 A No. I saw him on the Viper.

16 **Q On Viper?**

17 A Yes. I saw him -- I was there -- last time  
18 I was there until June 20 -- don't remember; 22, 23,  
19 somewhere at the end of June.

20 **Q You mean 2012 or 2013?**

21 A July. I'm sorry. I was there -- I can  
22 check my tickets.

23 **Q July of this year?**

24 A Yes.

25 **Q Okay.**

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1 **Q Okay.**

2 A Exact numbers, because, like I said --

3 **Q That's fine.**

4 BY MS. SZCZEPANIK:

5 **Q Does the 2.8 million refer to --**

6 A It's --

7 **Q Hold on. Does the 2.8 million refer to the**  
8 **number of tokens or the money taken in? That's the**  
9 **number of tokens?**

10 A That's what it is. You're right.

11 **Q Okay.**

12 A If you -- we actually had it twice broken  
13 into, the site, also, by Indian guys who wrote me e-mail  
14 for wanting to -- "If you want to tell what's wrong with  
15 your site, please pay us the money."

16 **Q Did they take anything from your site?**

17 A They didn't take anything. They played with  
18 this number. We had at one point, for some reason it was  
19 jumping left and right --

20 MR. TENREIRO: I just wanted the record to  
21 note that the Witness is referring to the number on  
22 page 1.

23 THE WITNESS: The number of tokens. And --  
24 and then we decide just hold for two days, we have  
25 to reboot it. That's not a safe thing to issue any

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1 A I go there because I have a big team there.  
2 Like, advertising team I keep there, just because it's  
3 cheaper. This way it lowers my cost, that's why it's  
4 there.

5 For example, my programmers also there.  
6 Just because it's cheaper there. It's -- that's the cost  
7 of doing -- right now you have Upwork, which we also use.  
8 And we have the --

9 **Q "Up for it"?**

10 A Upwork. Freelancer. Upwork.

11 MS. SZCZEPANIK: Upwork?

12 THE WITNESS: Up. Work. It's a site to  
13 hire freelancers worldwide.

14 MS. SZCZEPANIK: Okay.

15 **Q Okay. Sorry about that. All right.**

16 **So, I've -- let's go back to the -- go back**  
17 **to the -- you talked about approximately 2 million and I**  
18 **think you called them "bigger players," and then,**  
19 **approximately 300,000 from other smaller individuals,**  
20 **right?**

21 A Um-hum.

22 **Q Okay. Just -- I'll get to the 2 million in**  
23 **a second. I'm still seeing 2.8 million here, so, am I**  
24 **missing something?**

25 A No. I can get you exact numbers.

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1 tokens, just because it didn't go --

2 BY MR. TENREIRO:

3 **Q Right. So, when did the site launch?**

4 A The official launch was August 7th, so,  
5 roughly around there. This version of the site was  
6 launched on August 7th.

7 **Q Right. All right. So, let me now go back.**  
8 **We were talking about the 2 million and you said that it**  
9 **was a Ukrainian banker. Was there anybody else that was**  
10 **expressing their interest in this -- was it -- because,**  
11 **you said "big players." You used plural.**

12 A Yeah.

13 **Q So, who were they? Who were -- there was**  
14 **the guy that you -- the guy whose name you cannot spell?**

15 A I'm sorry. If it's really necessary I'll  
16 try to get the English word on the name.

17 **Q And you said he signed some sort of**  
18 **agreement?**

19 A He didn't sign anything. It's all done --  
20 because we didn't issue anything yet, it's all done  
21 verbally.

22 **Q Okay.**

23 A Try to understand, when you deal with  
24 countries other than -- even in the United States when I  
25 do business with a lot of people, it's just first

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1 verbally and then it gets to the point.

2 **Q And how much did this person commit or**  
3 **express interest --**

4 A One and a half.

5 **Q One and a half. Okay. The other half,**  
6 **where -- what was that?**

7 A One of his friends, he said he'll bring  
8 more. That was --

9 **Q And where is this person?**

10 A I don't know. I think in the Ukraine, also.

11 **Q And what's the person's name or entity's**  
12 **name?**

13 A Don't know. He was supposed to bring him.

14 **Q Okay. So, it was one guy plus his friend**  
15 **was the 2 million?**

16 A Yeah.

17 **Q Anybody else in that 2 million, the big**  
18 **players that we talked about?**

19 A No.

20 **Q And there was no written agreements, no**  
21 **written communications with them?**

22 A We didn't get to that stages.  
23 Try to understand something. We started  
24 selling and then we stopped it. So, why would you go  
25 further? The people not going to talk to me afterwards.

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1 **Q I just want to understand. You don't know**  
2 **the guy's name and you don't have --**

3 A No. I --

4 **Q -- any communications --**

5 A -- know his name is Nadi (phonetic), but --  
6 the last name is Finkel. How to -- yeah. How to spell  
7 it, I'll find out. If that's necessary, I'll find out.  
8 It's not a problem. I'm just going to explain why he  
9 needs his name, but --

10 BY MS. SZCZEPANIK:

11 **Q Where did you meet him in the Ukraine?**

12 A I actually lived for awhile -- I was a,  
13 like -- I have a nonprofit that I do charity work  
14 internationally. That's one reason why I said let's do  
15 it now, just in case I need to apply at the end of the  
16 year. And we met nine years ago.

17 **Q No. I mean, where did you meet him when you**  
18 **talked about the RECoin?**

19 A Kiev.

20 **Q Kiev?**

21 A Yes.

22 **Q Was it at his office?**

23 A No. No. I have office there.

24 BY MR. TENREIRO:

25 **Q Okay. So, this was in July?**

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1 A The last time I saw him in July. I -- this  
2 is not the first time I see him.

3 **Q No. I understand.**

4 A He won't tell you, just, "Here's the money."

5 BY MS. SZCZEPANIK:

6 **Q So, you met him nine years ago.**

7 A Yeah. The first time I met him nine years  
8 ago. We didn't do any business with him, but, you know,  
9 we talked to him. He's Jewish, so.

10 **Q And where does he work?**

11 A I think he has a bank. Well, he used to,  
12 definitely, because I was there, well, but, now I'm not  
13 sure. But, I see him in synagogue where the rest of the  
14 Jewish go.

15 **Q Did you ever go to his offices?**

16 A Six years ago, yeah. It was right in the  
17 middle of (unintelligible), which is --

18 THE REPORTER: Tell me, "in the middle  
19 of" -- what did you just say?

20 THE WITNESS: Kiev, the main street is like  
21 5th Avenue here, it's called Khreshchatyk.

22 THE REPORTER: Just -- what are you saying?  
23 Can you spell it? Because, see, I have to make a  
24 booklet of what you're saying.

25 THE WITNESS: Google will help.

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1 THE REPORTER: Thank you. I can do it  
2 phonetically if you --

3 THE WITNESS: Khreshchatyk. Right there  
4 (handing phone).

5 THE REPORTER: All right. Let me just  
6 borrow this for a second. K-H-R-E-S-H-C-H-A-T-Y-K.

7 BY MR. TENREIRO:

8 **Q Okay. So, going back to the first page,**  
9 **Mr. Zaslavskiy, of Exhibit 3, I'm still -- sorry --**  
10 **focused on the 2.8 million number there. It says**  
11 **"already purchased." So, I'm trying to understand, what**  
12 **does it mean, "already purchased"?**

13 A Same thing when we took credit cards. We  
14 didn't bill them right away, but that number showed up.  
15 It's not -- it's not showing up because we dived in;  
16 it's, as soon as they opened the wallet, that's why it  
17 was showing up. If we had refund it, it's also showed up  
18 there. But, they didn't go back.

19 **Q So, you're saying you didn't manually type**  
20 **this number?**

21 A Of course not.

22 **Q This number is generated automatically --**

23 A By a program.

24 **Q Okay. So, how does the program generate**  
25 **2.8 million tokens if you had had the 2 million purchased**

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1 by your friend from Ukraine?

2 A He went into the system, because we did all  
3 of it officially, and that's it.

4 Q So, he went into the credit card -- into the  
5 system and put in \$2 million?

6 A He didn't put the credit card, they don't a  
7 have credit -- no, they do have, but, he put in the  
8 system, that's the amount, and that showed up. And we  
9 were fixing it, but then we closed the whole project.

10 Q I understand that you closed it. I'm just  
11 asking you questions about before you closed it. When  
12 you -- and if I went on the website before it was closed  
13 and I clicked on "Buy RECoin," what would show up?

14 A Internal wallet.

15 Q It would say "Please register," right?

16 A It's first "Please register," then the  
17 amount. You can type in the way you want to pay. If you  
18 wanted to pay with Bitcoin, it's one thing, if you want  
19 to pay with credit card, another way.

20 Q Okay.

21 A And then it should -- it's supposed to show  
22 up.

23 Q I'm sorry?

24 A And then it would show up here as that.

25 Q In this counter?

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1 A Yeah.

2 Q Okay.

3 A I'm not a computer person, but that's the  
4 way it worked.

5 Q I got it. And who -- by the way, who -- who  
6 designed this website?

7 A A guy in Ukraine.

8 Q Okay. And who gave him the content for  
9 what's on the website?

10 A As far as what's written?

11 Q Yeah.

12 A We did. Well, I did.

13 Q Okay. And who's the -- what's the -- where  
14 is this website hosted?

15 A Reddit (phonetic), if I'm not mistaken.

16 Q All right. So, I go on, I register --

17 A Actually, I'm sorry.

18 Q No, no.

19 A I think it moved to a different server after  
20 the break we have in the beginning. I'll have to find  
21 out.

22 Q Okay. So, I go on, I register -- I click  
23 "Buy RECoin," I register, and then I can either give  
24 my -- I can pay by Bitcoin or I can give my credit card.

25 A Um-hum.

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1 Q And I would purchase what?

2 A A pledge. Well, you could have given a  
3 pledge, but transferred the money.

4 MR. SZCZEPANIK: A pledge?

5 THE WITNESS: Yeah. But, transferred the  
6 money. We had the accounts, also.

7 Q But, some people did transfer the money with  
8 their credit cards, is what you're saying?

9 A Most of them.

10 Q Okay.

11 BY MS. SZCZEPANIK:

12 Q Did anyone pay in Bitcoin?

13 A There was a couple people. I need to check.  
14 But, usually, in Bitcoin, it was, like, \$100. The  
15 average ticket was about \$100, around 50. There is some  
16 people that paid with a credit card, like, I know we got  
17 the refund.

18 Q Who controlled the Bitcoin address to which  
19 any Bitcoin was sent?

20 A I do. I have a number, if you need it.

21 MR. TENREIRO: And you have a wallet.

22 Q An address. How many addresses do you have?

23 A We had two, one that used to moved to this  
24 one, and one that we transfer afterwards. Just because  
25 the break-ins. It's -- I mean, anybody who does with

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1 this (unintelligible), everybody knows already. That's  
2 the problem.

3 So, you not supposed to keep it in the  
4 wallet, almost anything, just for safety reasons.  
5 Because, the problem that we encounter when we have --  
6 it's like, a credit card goes through a process when you  
7 put it in the wallet, it can -- because, they need to --  
8 it needs to be approved to go inside the wallet.

9 There is two answers in side to side. So,  
10 it's risky. That's why this wallet is always stayed  
11 empty, just for safety reasons.

12 BY MR. TENREIRO:

13 Q Did you -- when you -- okay. So, when I put  
14 in my credit card, then I was -- what was I buying? I  
15 was buying a --

16 A For now, membership.

17 Q But, was I -- I mean, here it says "Buy  
18 RECoin," so, was I buying RECoin? Was I buying -- what  
19 was I buying? Was I buying a token?

20 A You buying a membership that's tokenized.  
21 If you would have read a little bit more, that's what it  
22 is. It is token --

23 Q Um-hum.

24 A -- from your understanding, but it is  
25 membership. And it is membership in every -- that's why

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1 a lot of things that's not acceptable, but -- a lot of  
2 things that we looked at it as is membership.  
3 I recall -- the reason why we call it RECoin  
4 is because it was backed by real estate, of course. Now  
5 we call it Diamond Club, just because it's backed by  
6 diamonds.

7 **Q Diamond Club is the name of the new --**

8 A (Unintelligible.)

9 **Q Okay. And I'll get to that in a minute.**  
10 **What was the cost of the membership?**

11 A Huh?

12 **Q What was the cost of the membership? Like,**  
13 **my gym costs \$2,000 a year.**

14 A A dollar.

15 **Q A dollar was a month of membership?**

16 A Yes.

17 **Q Okay.**

18 A It depends, yeah, how much -- they give us  
19 this. The more they have, the more access they have.

20 **Q Um-hum.**

21 A That is, minus 80 or 50 percent, that's in  
22 the membership.

23 **Q Um-hum.**

24 BY MS. SZCZEPANIK:

25 **Q Access to what?**

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1 **Q Okay.**

2 A Here, we didn't get to this stage. One more  
3 time. Here.

4 You're trying to figure this out, but you  
5 don't want to listen to what I'm saying, and that's  
6 become -- we didn't get to certain stages. If it says  
7 it's a membership, we just write down what discount --

8 BY MS. SZCZEPANIK:

9 **Q Where does it say in there that it's a**  
10 **membership?**

11 A On the white paper it says. I have it on  
12 white paper and --

13 BY MR. TENREIRO:

14 **Q Well, let me ask you this: Where does it**  
15 **say -- I'll get to the white paper in one second. I**  
16 **mean, these different levels of access, if I buy more or**  
17 **less, where is that explained to people on this website?**

18 A It did not.

19 **Q It did not. I understand that this was**  
20 **closed. I heard you loud and clear. But, I'm still**  
21 **trying to understand this website before I move onto the**  
22 **Diamond Reserve Club.**

23 A Okay.

24 **Q So, this website does not explain -- does**  
25 **this website explain that you were purchasing a**

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1 A They give discounts, conferences,  
2 educational, so forth, so on. Like a club.

3 BY MR. TENREIRO:

4 **Q So, if I buy \$1, I'm a member --**

5 A Yes.

6 **Q -- and I have a certain level of access?**

7 A Yes.

8 **Q If I buy \$100, I'm a member and I have more**  
9 **access?**

10 A Of course.

11 **Q And if I buy 1,000 and so on; is that right?**

12 A Yes.

13 **Q Okay. And where was that explained to**  
14 **people?**

15 A On this site it wasn't. Like I said, we  
16 closed it before we did that. On the DRC it's all  
17 written down.

18 **Q On the what?**

19 A On the next -- on the next --

20 **Q DRC?**

21 A Yeah.

22 **Q What's DRC?**

23 A Diamond Reserve Club.

24 **Q Diamond Reserve Club.**

25 A Right.

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1 **membership in a club?**

2 A Paying a membership on white paper, it says.

3 **Q Okay. Let's look at the white paper.**  
4 **(SEC Exhibit No. 4 was marked for**  
5 **identification.)**

6 **Q Okay. So, I've handed you what I asked the**  
7 **court reporter to mark as Exhibit No. 4. Please take a**  
8 **look at it and just let me know if you recognize the**  
9 **document and then we can get to questions about it.**

10 A It says "Company Profile," (unintelligible).  
11 I guess so. Not sure. I'll tell you why, because, even  
12 there you can see a whole bunch of dates. Which one is  
13 this?

14 **Q This is -- well, do you recognize this?**

15 A One more time, it looks like from the site.  
16 Yes.

17 **Q Do you recognize this as at least a version**  
18 **of the company's white paper?**

19 A Yes.

20 **Q As RECoin's -- 101RECoin's white paper?**

21 A Yes.

22 **Q Okay. You're saying there's different**  
23 **versions of it?**

24 A Yeah. We were updating it and we have got  
25 press releases with --

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1 Q Okay.

2 A And you have two different, also.

3 Q You're referring to the stack that you gave

4 me this morning?

5 A Yes.

6 Q Okay. I'll get to that stack. I promise.

7 Focusing on this white paper, I'll represent

8 to you this was pulled from the 101RECoin website. Can

9 you please just --

10 A When?

11 Q Oh. This was pulled in August.

12 A Okay.

13 Q Okay. And this -- you said the website went

14 live on August 7th, correct?

15 A Um-hum.

16 Q And you've been referring to a shutdown or

17 that you stopped the project. Is that stopping it or --

18 A Yes.

19 Q Is that a proper term?

20 A Yes.

21 Q Okay. When did that happen? What was the

22 date of that?

23 A Couple weeks after my -- I'm trying to

24 count. Yeah. Roughly 25th. I think it's 21st, but by

25 the 25th we -- no advertising, no nothing.

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1 Q Of August, you mean?

2 A Yeah.

3 Q Okay. And --

4 A I'm not sure. There's e-mail when we

5 changed it.

6 Q Okay. Approximate is fine for now. Late

7 August, approximately.

8 A Uh-huh.

9 Q I understand there's an e-mail. Was there

10 an initial coin offering date range for RECoin

11 originally, before the shutdown?

12 A Two months.

13 Q That was -- okay. So --

14 A Membership offering. I'm going to fix your

15 words, just because I don't -- she writes it, so I want

16 it to be filed as a membership.

17 Q Okay. So, what was the -- what was the time

18 period for the offering?

19 A Two months, until October 7th.

20 Q Okay. That was the --

21 A 9th.

22 Q Okay. And then you stopped it sometime in

23 late August?

24 A Yeah. We stopped it.

25 Q All right. Now, can you direct me to the

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1 explanation of the membership offering in the white paper

2 that I'm showing you as Exhibit 4?

3 A I don't see it in this paper.

4 Q Okay. What about the -- the different

5 levels of access, if you bought more or less, where -- is

6 that explained in this paper?

7 A No. That paper shouldn't be explained that

8 part, because it's not part of the white paper even

9 now -- I'm sorry.

10 Q It's not part of the white paper even now?

11 Is that what you said?

12 A Yeah. Because, as far as levels of

13 membership goes up and down, it will add up. It will

14 continue adding up as things in the membership, separate

15 filed.

16 THE REPORTER: Separate filed?

17 THE WITNESS: White paper stays with you for

18 a long time. Levels of membership and what goes

19 into the membership grows. The more access, the

20 more stuff we have, it will grow. That's why it

21 would never be in the white paper.

22 Q Okay.

23 A It's a separate paper.

24 Q Okay.

25 A But, I don't see it here for some reason.

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1 Q So, where do you explain, then, to people

2 that are purchasing the memberships these different

3 levels of the access?

4 A Onsite. On the new site you have it there

5 as a separate paper.

6 Q You mean, on Diamond Reserve Club?

7 A Yes.

8 Q Okay. But, for RECoin?

9 A We didn't have it. We didn't get to that

10 stage. With Diamond Reserve Club, we're already way,

11 way -- we're actually going to have a wallet in two

12 weeks.

13 BY MS. SZCZEPANIK:

14 Q And where is the wallet going to be housed?

15 Who's going to have control of the wallet?

16 A My team.

17 Q In the Ukraine or in the United States?

18 A United States. I'm not -- I have Ukrainian

19 team, just because it's cheaper. It's hard to -- just

20 for finances, I keep everything here in case of

21 emergencies.

22 Q And is the wallet going to be located on

23 your website?

24 A Yeah. Of course.

25 Q On your servers?



1 A Yes. It's tokenized membership wallet,  
2 which we were supposed to have it on time for this,  
3 before the end of the IMO, but, because this is closed  
4 down, it's the same wallet, the first --

5 The first version of the wallet already been  
6 converted. We were testing it. And the next probably  
7 going to be in a year or two.

8 **Q Okay. Is this Bitcoin wallet or some other  
9 wallet?**

10 A We have our own. We're building our own  
11 wallet.

12 **Q On your own team?**

13 A Yeah. We use Ethereum as a backbone.

14 THE REPORTER: We use?

15 THE WITNESS: Ethereum.

16 MR. TENREIRO: Ethereum. E-T-H-E-R-E-U-M.

17 THE WITNESS: We use Ethereum because it  
18 does, at this point, what I see is the most safest  
19 out of whatever there is. And there's another  
20 three of them coming out.

21 **Q And how's the blockchain going to be set up?**

22 A I don't understand your question.

23 **Q How are -- for example, how are -- are you  
24 going to have a coin going to be issued on the  
25 blockchain?**

1 A Token.

2 **Q A token?**

3 A A membership token. The more they use it,  
4 the more their level will go up.

5 **Q And what is the name of the token?**

6 A DRC.

7 **Q And what is the mining process for that  
8 token?**

9 A For that it's not going to be mined yet.  
10 It's first stage of the wallet. Because, it goes on a  
11 lot of stages and that's where -- the first --

12 Depending on the mining, mining we have  
13 stage, I think, 2 or 3, which is going to happen in about  
14 a year. Because, it's going to be from that wallet moved  
15 to the next wallet, where it's going to be mined, if  
16 possible.

17 **Q Okay.**

18 A It's just -- to build a wallet with the mine  
19 (unintelligible) will take over a year to do it -- to do  
20 it the way I want it to be working.

21 **Q And describe how that process is going to  
22 work.**

23 A We have it set up so that the funds will go  
24 to a nonprofit. Like, two percent will go to from --  
25 raising from sole membership, then seven, I think six or

1 seven will go to ten biggest nonprofits, and then will  
2 get different -- also set up of different association in  
3 the regions and they'll get a piece of whatever the  
4 people will use as commission.

5 Like, in the wallet you don't have a set  
6 commission, I mean, like everything else. People set it.  
7 But, we tell him that, basically, a certain percentage  
8 will go to nonprofit.

9 That's one thing, I've been doing it a lot.  
10 I think everything has to have a certain philanthropic  
11 parts.

12 **Q What is the benefit for the nonprofit?**

13 A They get the money and they will distribute  
14 the money and they'll, for example, get whatever they  
15 need. It's not, you know, what -- we're going to look  
16 into it. We're going to look into so they won't steal  
17 it. Like --

18 **Q So, are you talking about the tokens being  
19 distributed to the nonprofits?**

20 A Uh-huh. At the end of the day they going to  
21 get a token, they will have to sell the token, convert it  
22 or whatever they want to do with it.

23 **Q And how are they going to sell it? Where  
24 would they sell it?**

25 A Don't know. It's not up to us. We build

1 the club, we will tokenize. Then, what they want to do  
2 with it, we're not going to have control over it. At the  
3 end of the day they have the membership. That we have  
4 control over. For example, you have a membership, you  
5 use certain amount of tokens.

6 **Q And what rights does the membership give you  
7 for this new token?**

8 A It depends on how many tokens you have, how  
9 many tokens you use, how many -- it's like, on the  
10 average, it has --

11 **Q So, I have a token. What could I do with  
12 that token?**

13 A Get discounts. That's what we're -- we  
14 have, probably, like, mid-next month, maybe a little bit  
15 later.

16 **Q Discounts where?**

17 A Travel discounts, United States, food  
18 discounts, store discounts, so forth.

19 BY MR. TENREIRO:

20 **Q So, you're working with -- with --**

21 A I'm -- right now I'm in the process of  
22 working with a company that will get me access to  
23 discounts, to a bundle of discounts fast.

24 **Q What's the company's name?**

25 A Access.



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1 **Q I'm sorry?**

2 A Access.

3 **Q Access is the name of the company?**

4 A Yes. They are the big offerers for the  
5 club. And then we go directly to each one, because a lot  
6 of them have affiliate program, and that's much more  
7 interesting than --

8 That's what we make. We make money not on  
9 selling, we make money on the service afterwards. That's  
10 where we make money.

11 **Q On the service of what?**

12 A Of people using to our club for different  
13 discounts as through affiliate programs. And then using  
14 the tokens and so forth, that's where make the money.

15 We don't make money, like, I sold you a  
16 million things, here, 15, 20 percent, like the rest of  
17 them, here, that's it. I made it. I don't care if it  
18 flies or not. And in my case, it needs to fly before I  
19 make the money.

20 **Q Can I currently buy membership interests or  
21 membership --**

22 A Token.

23 **Q -- token in DRC?**

24 A Of course.

25 **Q So, currently in the website you can buy**

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1 estate after ICOs, and after the end of the year when the  
2 wallet will come up.

3 I'm afraid -- the problem with this is --  
4 the biggest problem, I'm afraid, if I buy real estate  
5 with this project, I'm going -- you come in and tell me  
6 you want it tomorrow, I'm not going to do it. Not  
7 because I don't want to, because it's impossible.

8 In diamonds, they're more liquid. It's a  
9 lot -- there is no taxes in holding them. You don't have  
10 to fix them as far as a house. All those things, that's  
11 where I made the mistakes with this project.

12 **Q With RECoin, you mean?**

13 A Yes. The deal is great and it's a hundred  
14 percent what this next stage is, which is DRC. So, we  
15 are in the next stage of this. It's just, we open a  
16 different entity. It's a total different entity.

17 **Q Yeah. Now I'm getting to that.**

18 **Other than -- let me just, since we're  
19 talking about two different things here, we're talking  
20 about RECoin and we're also talking about Diamond Reserve  
21 Club.**

22 A Yes. That's --

23 **Q Other than the -- so, the idea behind RECoin  
24 was that it would be backed by real estate, correct?**

25 A Um-hum.

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1 **them?**

2 A Yes.

3 **Q Okay.**

4 BY MS. SZCZEPANIK:

5 **Q And how much is each token?**

6 A It's the same thing. Right now it's  
7 85 cents from a dollar. But --

8 **Q And where does the 15 percent go?**

9 A The 15 is discount. It's just discount --

10 BY MR. TENREIRO:

11 **Q So, I give you 85 cents, you give me one  
12 token?**

13 A Yes. It's just discounted in the beginning.

14 Then, to set up is this. Certain amount  
15 will go to -- 30 percent advertising and charities, stuff  
16 like that.

17 But, as far as software, I'm paying it out  
18 of my budget. I've been paying for a year and a half.  
19 It's not one software, I'm building almost 20 of them.

20 **Q Well, what about the diamonds?**

21 A Diamond can stay at 55. They're 70 percent.  
22 They -- I buy them -- the reason why I'm holding -- I'm  
23 not buying it yet; the more money I have, the more  
24 discounts in diamonds I'll get.

25 And we said we're going to start buying real

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1 **Q Now, you never bought any real estate; is  
2 that right?**

3 A There was no time for it.

4 **Q There was no invest --**

5 A We never -- we never get to -- we never got  
6 to the stage. We always said we're going to buy real  
7 estate later. We didn't say, "We have a dollar, I'm  
8 going to buy real estate." What am I going to buy with a  
9 dollar?

10 **Q I'm just asking if you ever bought any real  
11 estate.**

12 A No. I already answered you and I'm telling  
13 you one more time, we didn't get to the stage where we  
14 started buying it.

15 **Q Okay. And other -- so, and then, the DRC  
16 project, that is going to being backed by diamonds,  
17 correct?**

18 A Of course.

19 **Q Other than the different backings, are there  
20 other differences between RECoin and DRC or are they same  
21 or what --**

22 A We changed from 50 years flying to 30.

23 **Q Okay.**

24 A That's about it. We give more percent --  
25 it's same amount, but we gave more percent to charities

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1 and from commission.  
 2 **Q Okay.**  
 3 A That's it. The rest is exactly the same.  
 4 **Q Okay. The -- going back to the people that**  
 5 **you've talked to for the discounts, you mentioned a**  
 6 **company called Access?**  
 7 A Um-hum.  
 8 **Q Okay. And who have you spoken to?**  
 9 A Mike -- I can send you his e-mail.  
 10 **Q Mike?**  
 11 A I don't remember his last name.  
 12 **Q Oh, okay. Got it. And where is he?**  
 13 A Honestly, I talked to about 30 of them,  
 14 wrote e-mails. I'm not sure. I liked Access the most.  
 15 I don't remember. Oklahoma, Kentucky -- I'll send you  
 16 the company. It's Access. I remember the name of it,  
 17 just because --  
 18 THE REPORTER: It's A-X-I-S?  
 19 THE WITNESS: No. It's A-C -- I think it's  
 20 A-C. Give me a second.  
 21 THE REPORTER: Or is it "Excess"?  
 22 MR. TENREIRO: I think he's saying "Access."  
 23 MS. SZCZEPANIK: A-C-C-E-S-S?  
 24 THE WITNESS: Access. Yeah.  
 25 BY MS. SZCZEPANIK:

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1 **Q How did you first --**  
 2 A Internet. I went to a whole bunch of sites,  
 3 discounts where I can get the bundle at the same time and  
 4 then start fixing the -- like, for example, I can get the  
 5 certain airlines cheaper discount than they do, just  
 6 because I know, like, an owner of one of the airlines.  
 7 And so forth.  
 8 So, this way, you know, we get a small piece  
 9 of it and then we'll be, like, start adding our own  
 10 pieces, and then, you know, if we need this piece, we are  
 11 going --  
 12 Just, this way I can get better, because  
 13 they've been doing it for longer, and then we're going to  
 14 add our own, also, to it.  
 15 For example -- I know I'm going back to it.  
 16 I know a whole bunch of developers. So, I can give  
 17 discounts for developers for other people who are  
 18 members, for advertising, or, or, or. It's like, for  
 19 example, we started six already up, six sites --  
 20 BY MR. TENREIRO:  
 21 **Q Six already up?**  
 22 A Yeah. And 18 to go. Just new sites, like,  
 23 with different information, like, about ICOs, about  
 24 travel and leisure, about start-ups, about real estate,  
 25 about real estate fixer-uppers, how to, you know, do it

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1 yourself.  
 2 It's like, you know, it's advertising and at  
 3 the same -- it's people who can get information if they  
 4 sign up and it's already started.  
 5 So, it should have been part of this; it's,  
 6 like, a separate entity. It's not a subsidiary.  
 7 **Q When you say "we," who -- are you talking**  
 8 **about this Diamond Reserve Club or --**  
 9 A "We" is -- I call everybody "we," as far as  
 10 my team.  
 11 **Q How many people are on your team?**  
 12 A Do you count as full time or part time?  
 13 **Q Just explain it to me.**  
 14 A About 300 people.  
 15 **Q 300 people.**  
 16 A Yeah.  
 17 **Q And how many of them are full time?**  
 18 A Eight.  
 19 **Q Okay. And the other ones are --**  
 20 A Through different sites, through seeing at  
 21 home, we have students that been helping us, different  
 22 people.  
 23 **Q And who pays their salary? I need a verbal**  
 24 **answer.**  
 25 A Me.

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1 **Q Okay. And from what funds?**  
 2 A Personal.  
 3 **Q Okay. So, let me go back to --**  
 4 BY MS. SZCZEPANIK:  
 5 **Q How much do you pay the full-time employees?**  
 6 A Full time, the most expensive was 1,000 and  
 7 a half a month.  
 8 **Q Um-hum.**  
 9 A That's why I said it's cheaper there.  
 10 BY MR. TENREIRO:  
 11 **Q You mean, in Ukraine?**  
 12 A In Ukraine. I have a couple from India,  
 13 also. They get, like, \$200 a month for what they do.  
 14 They check on stuff and they do researches if we need to  
 15 and so forth. If they need translation in Indian, they  
 16 do -- some of them just take better job, some of -- it's  
 17 the money cost right now. And money cost for me is  
 18 cheaper to hold it there --  
 19 **Q And where --**  
 20 A -- right now.  
 21 **Q Where is the money coming from? I'll get to**  
 22 **your --**  
 23 A Right.  
 24 **Q -- prior employment in a minute. But,**  
 25 **for -- where did you get the money?**

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1 A Ask IRS. No offense. That's already none  
2 of your business.

3 **Q I'm sorry?**

4 A That's already none of your business as far  
5 as where I get my money. IRS has that, though. I don't  
6 have a problem answering those questions for -- I don't  
7 understand this question from you guys.

8 BY MS. SZCZEPANIK:

9 **Q We want to know --**

10 A It's my personal funds.

11 **Q -- where you're getting the money to run --**

12 A It's my personal funds.

13 BY MR. TENREIRO:

14 **Q But, did you get these funds from prior  
15 employment or --**

16 A At one point --

17 **Q -- is someone helping you finance? Did you  
18 get a loan? I mean --**

19 A Like I said, that's my business. I don't  
20 think it's your business to ask me where I get my money.  
21 I personally don't like anybody going into my personal  
22 finances.

23 IRS I understand. I pay my taxes. But,  
24 everything else, I don't see a point to. I have enough  
25 from friends, family, whatever. But, I'm taking the

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1 Fifth on that answer.

2 **Q Okay. Do you have bank accounts in the  
3 United States?**

4 A Of course.

5 **Q Okay. Where?**

6 A Which bank?

7 **Q Yeah.**

8 A Bank of America.

9 **Q Any other bank?**

10 A First Republican, I have --

11 **Q First Republic?**

12 A Yeah.

13 **Q Any others?**

14 A No. That's it for now.

15 **Q Okay.**

16 BY MS. SZCZEPANIK:

17 **Q When you say, "That's it for now," are you  
18 taking the Fifth on other bank accounts?**

19 A No, no, no. It's just, for now that's it.  
20 It's just -- I -- one of the things, I'm moving to Puerto  
21 Rico and I want to buy -- be granted and getting to pay  
22 lesser taxes, I have to move all my accounts there.

23 BY MR. TENREIRO:

24 **Q To Puerto Rico, you mean?**

25 A Yeah.

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1 **Q Is First Republic in Puerto Rico?**

2 A No. None of them there. That's why I'm  
3 saying for now that's the banks I'm using. And I'm going  
4 to start using the other ones in a month or so.

5 **Q Oh, I see. Got it. Hopefully they'll be  
6 okay.**

7 A There is -- no. It's still in America soil,  
8 it's just --

9 **Q Oh. I'm just saying, Puerto Rico's having a  
10 hurricane.**

11 A Yeah. I know. But, I'm moving for  
12 different reasons. The reason is, they have a grant  
13 program for, if you move your business there, you pay  
14 less taxes. That's why I'm moving there, because it  
15 gives me more room for this, as far as money.

16 **Q Okay. So, let me -- let me ask you a couple  
17 questions, just because I'm still confused about  
18 something earlier. And I apologize for going back.**

19 **Back when RECoin was the live project, you  
20 were explaining to us that, basically, if I went and put  
21 it on my credit card, I would buy a membership token; is  
22 that correct?**

23 A Um-hum.

24 **Q Just correct me if I'm getting any of this  
25 wrong. And if I bought more, I would have more access,**

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1 **essentially?**

2 A Um-hum.

3 **Q Okay. And then I was asking you about,  
4 where does that explain that on the website --**

5 A I said --

6 **Q -- and it's not on the website and it's not  
7 on the white paper, at least not the one that we saw.**

8 **So, back in August, if it's August 10th,  
9 2017 and I go and I want to buy this membership interest,  
10 where am I getting this information? Who is explaining  
11 to me that I'm buying a membership in a club and that if  
12 I buy more I get discounts, et cetera? Where was that?**

13 A The discounts we didn't explain at that  
14 point.

15 **Q Okay. And so, that was not explained in  
16 any -- in any medium? Okay. So, how -- was that a no?  
17 Just because, I --**

18 A No.

19 **Q Okay. So, I guess my question is, well, how  
20 was I supposed to know that that's what I was buying?**

21 A We wrote on one of those papers and  
22 explained that. We didn't go into details, just because,  
23 like I said, we start feeding the next stages.

24 It says about the ecosystem, it said about  
25 the stages. We didn't get to the stage where we

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1 explained already more in detail about the membership.

2 **Q Okay. Fine. So, now -- and I apologize,**  
3 **but I haven't looked at your stack. Did you print out**  
4 **the DRC website here?**

5 A No.

6 **Q Okay.**

7 A Something didn't say that. I figured you  
8 would have a new one for me in about a couple days. As  
9 long as I'm here, if you can, it would be great.

10 **Q Yeah. No. I can bring the computer and we**  
11 **can look at it after the break.**

12 A No, No. Not about that. I'm pretty sure  
13 the other subpoena for DRC I'll have in about a couple of  
14 days.

15 So, if that's possible, if you can do it,  
16 like, for example, today, type it up, I'll take it and  
17 we'll meet again next week about DRC. This way --  
18 because, like I said, I'm planning to go for a couple of  
19 months and I want to, you know, have this before I go.

20 **Q Thank you. I appreciate that.**

21 A I'm not buying tickets --

22 **Q I appreciate that.**

23 **So, let me just ask you, though, I -- I**  
24 **just -- I mean, for the DRC token membership -- is that**  
25 **the right term?**

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1 A Yes.

2 **Q Okay. Does that website explain, you know,**  
3 **if I buy --**

4 A Because, we're already at the next stage.

5 **Q Let me finish the question.**

6 **Does that website explain, if I buy more, I**  
7 **have more access?**

8 A Yeah.

9 **Q Does that explain that?**

10 A Yeah. That's already done, because, like I  
11 said, everything goes in stages. I mean, if you were  
12 raised in a club you cannot -- any business. But, it has  
13 different stages.

14 We're talking about our stages, now we're at  
15 the next one. Like, for example, we're staying with an  
16 ecosystem, we're going to have a new stage. We're  
17 already raising them.

18 **Q Let me -- let me take a step back, just to**  
19 **make sure I understand. When did the website for DRC go**  
20 **live?**

21 A A couple weeks ago.

22 **Q So --**

23 A That's ended -- it's -- right away. The  
24 e-mail got -- if you give me the time, there is an e-mail  
25 which we sent that we're moving. That's when it went

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1 live, a couple days before.

2 **Q Okay. I'll get to that in a minute. All**  
3 **right. So, around this -- after this -- RECoin closed**  
4 **around that time DRC started?**

5 A Yeah. We closed a couple days after, I  
6 think, DRC started. Just because we had to show where to  
7 go --

8 **Q Gotcha. Gotcha. All right. Gotcha.**

9 **When you say you closed, though, what do you**  
10 **mean by "closed"? I mean, the 101RECoin website is still**  
11 **up, correct?**

12 A We cannot close, because we still accepting  
13 refunds.

14 **Q Okay. Does the website talk about refunds?**

15 A No. It doesn't.

16 **Q You said that was --**

17 A We e-mailed it, e-mailed it, e-mailed it and  
18 we stated it on Bitcoin talk where everybody is.

19 **Q Right. And how did you know who to e-mail?**  
20 **Did you have, like, a list of people who had purchased**  
21 **the -- the tokens?**

22 A We have only e-mails.

23 **Q I'm sorry?**

24 A We have their e-mails. Some of them --  
25 well, they didn't put the credit card in or if they --

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1 whatever they have, we have e-mail, we have first name,  
2 last name sometimes.

3 **Q So, you had a list and you e-mailed them?**

4 A Yeah. Of course.

5 **Q And you -- and you're saying you brought a**  
6 **copy of that e-mail here?**

7 A Of course.

8 **Q Gotcha. Okay. And so -- but, you didn't**  
9 **bring a list of the e-mails, did you?**

10 A The list who I e-mailed?

11 **Q The list -- no, no. Just a list of the**  
12 **e-mails that you have.**

13 A We just send one to them all.

14 **Q I mean, the list of the actual e-mail**  
15 **addresses.**

16 A Like I said, if you read in your -- so, you  
17 said token. We didn't sell tokens, so I figured I don't  
18 need to bring that.

19 Remember I asked you over the phone, you  
20 said, "When you come in we'll talk about it"? That's  
21 what it is. Because, honestly, as far as what I read in  
22 subpoena and on the Internet, is because we didn't sell  
23 in assets, we didn't sell token, even, as far as it says  
24 here.

25 So, I can only provide the first two things

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1 and terms and conditions, which number 7, I think, out of  
2 all of the 10 things that you -- in the subpoena.

3 **Q Okay. I mean, I'll just state on the record**  
4 **that we're asking for information that relates to the**  
5 **potential actual purchase of membership interest, as**  
6 **well.**

7 A A nice piece of paper would be nice.

8 **Q Okay. We'll -- we'll discuss that on the**  
9 **break. But, you have a list -- but, you have a list --**

10 A I have -- of course. I have a list of who  
11 I -- the only thing is, after you -- you want before the  
12 refunds or after? Because, after I can provide within a  
13 day, two.

14 **Q I'm just asking --**

15 A (Inaudible.)

16 **Q I'm just asking --**

17 A (Inaudible.)

18 THE REPORTER: I'm having a hard time taking  
19 both of you talking at the same time.

20 **Q I'm just asking for the list of people who**  
21 **purchased a membership token, that's all.**

22 A Fine --

23 **Q Just the list.**

24 A That's fine. You have the -- you want their  
25 e-mails?

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1 **Q Yeah.**

2 A That's fine. My question is this --

3 **Q But, you have that list, to be clear?**

4 A Of course.

5 **Q Okay. Great.**

6 A You want the list before or what we have  
7 now? Because, like I said, we didn't keep records after  
8 refund. I have to go more into different systems to find  
9 that.

10 And -- but, if you want to do it for  
11 whatever the members now, I can send it to you. If I  
12 make it before tonight, before the computer -- before the  
13 holiday, if not, I'll give you --

14 **Q No. We want both. We want both.**

15 MR. TENREIRO: Okay. So, let's go off the  
16 record.

17 (Whereupon, a recess was taken.)

18 MR. TENREIRO: Let's go back on the record.  
19 I don't know what time, but 10:00-something.

20 THE REPORTER: 10:42.

21 MR. TENREIRO: Okay. 10:42.

22 BY MR. TENREIRO:

23 **Q Okay. So, first, Mr. Zaslavskiy, before --**  
24 **before, when we were off the record, did you discuss this**  
25 **case with either of us of the SEC?**

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1 A No.

2 **Q Okay. So, I want to go back to a couple**  
3 **things we were discussing earlier this morning. You**  
4 **were -- you were mentioning something about stages,**  
5 **right? And I think you said -- correct me if I'm**  
6 **wrong -- with the RECoin -- I'll call it "project." With**  
7 **the RECoin project you never got off, I guess, the first**  
8 **stage; is that correct?**

9 A We didn't even get to the first stage. We  
10 just got to, like, a start.

11 **Q Okay. So, you -- you accepted certain**  
12 **credit card payments or other purchases of the token --**  
13 **of the -- you call it the token --**

14 A Membership token.

15 **Q -- the membership token, but you did not get**  
16 **into the first stage of what?**

17 A We didn't even give them the tokens. As far  
18 as cryptocurrency --

19 **Q Okay.**

20 A -- what you refer to tokens, we just give  
21 them -- we have software tokens.

22 **Q You give them, like, receipts, basically?**

23 A I don't know how to explain it. I guess,  
24 like, a receipt that they will receive the token.

25 **Q Yeah.**

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1 A But, it's -- it's more of a computer thing.

2 **Q Um-hum.**

3 A But, basically, there is tokens you -- what  
4 I read this is concern, is cryptocurrency. They didn't  
5 get that token at all.

6 **Q Got it.**

7 A And the token also called, like, for  
8 example, gaming.

9 **Q Gaming?**

10 A You know, your kids play? That's also  
11 called a token.

12 **Q Um-hum.**

13 A So, they're all called a token even if it's  
14 inside the system. It's all -- what they received is a  
15 token that's inside the system. That's what I'm  
16 trying to -- sorry to interrupt -- to explain the  
17 difference in levels of tokens as far as one has about,  
18 at this point, five already.

19 BY MS. SZCZEPANIK:

20 **Q When you -- when you were issuing these, the**  
21 **RECoin tokens, were you using the Ethereum blockchain at**  
22 **that point?**

23 A No. We didn't get to that stage. We said  
24 we're going to get Ethereum, we actually --

25 **Q So, how did you keep track --**

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1 A Just the software. Just inside --

2 **Q What software?**

3 A The site. It had, inside, like,  
4 something --

5 **Q A ledger inside the site?**

6 A It's not even a ledger yet. It's like eBay.  
7 You want to buy this, this is what it is, but until you  
8 pay through PayPal, eBay doesn't do it.

9 So, it's inside -- I mean, you can call it a  
10 wallet, but it's not even a full understanding of the  
11 wallet. It's more of a --

12 BY MR. TENREIRO:

13 **Q Right. So -- so, as part of the services**  
14 **that you hire -- just correct me if I'm wrong. But, my**  
15 **understanding of how this works is, you hire someone to,**  
16 **you know, put up this website and you can hire or you can**  
17 **program it to accept credit card payments, essentially,**  
18 **right?**

19 A That's about it. It's a card.

20 **Q And then, you pay for that service,**  
21 **essentially, and then that keeps track, I guess, of who's**  
22 **paying it?**

23 A Who's supposed to get it and whoever's paid  
24 what tokens and so forth, as far as your understanding on  
25 the tokens.

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1 BY MS. SZCZEPANIK:

2 **Q So, how -- how did you keep track on the**  
3 **website of how many --**

4 A There is a backbone of the site that's just  
5 like, I don't know, eBay cards.

6 BY MR. TENREIRO:

7 **Q So, much more primitive than tokens and**  
8 **blocks.**

9 A It's way, way primitive. It's like, I  
10 think like on eBay, I think is the closest, being more  
11 secure, but, it's about just a shopping cart. You pick  
12 what you want to buy.

13 **Q Right.**

14 A So, we didn't get to the stage where they  
15 get the tokens.

16 **Q Right.**

17 A And then, one of the things is why we  
18 couldn't accept credit cards is because they didn't get  
19 the token.

20 **Q But, you said you could also accept Bitcoin**  
21 **and Ethereum, correct?**

22 A Right. We could accept all of it. I'm  
23 saying, the reason why we didn't use a plan to get that  
24 stage, like, they're building at their own pace.

25 The problem with credit cards is, the

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1 biggest problem, is fraud. So, giving them right away  
2 tokens is suicide.

3 It's like, in the other stages we already  
4 understand that if you pay with a credit card you will  
5 have a token inside the system, but you would not get a  
6 token inside of Ethereum for at least 45 days if you pay  
7 with a credit card.

8 **Q Okay. So, and -- so, I understand that**  
9 **you're saying, basically, for RECoin you accepted these**  
10 **credit card payments, but you never got to the first**  
11 **stage of RECoin, which, what was going to be the first**  
12 **stage?**

13 A We were supposed to get the first wallet --

14 **Q Uh-huh.**

15 A -- and then, you know, we have -- we were  
16 supposed to give them access where to basically spend it  
17 as far as get inside the -- they have a system. Get  
18 advertising if they want it, stuff like that.

19 **Q And in terms of the real estate investments,**  
20 **we already talked about, you never got to the stage of**  
21 **buying any. Did you contact any people --**

22 A I looked at Zillow and, like I told you,  
23 Trulia. I have a whole bunch of people who assumes we  
24 went public --

25 **Q Zillow and what? I'm sorry?**

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1 A Trulia.

2 **Q Okay.**

3 A There was -- the first house to be  
4 San Francisco to convert it to co-living. Because,  
5 again, it's less risk, again.

6 You have ten people, if one doesn't pay,  
7 instead of one renting the whole house. And the small  
8 space in San Francisco, I show it to couple to see it.  
9 It worked and it's the safest way to do it.

10 Again, going back to the problem with, if  
11 you don't pay -- I'm sorry -- you still continue paying,  
12 so the risk of more diverse or, like, less risk.

13 But, I have -- I don't remember the name of  
14 the guy who was trying to pitch me when we were building.  
15 He found my phone through white pages, I think, because  
16 I'm not hiding.

17 **Q Yeah.**

18 A And tried to pitch me some properties. Then  
19 I got e-mails, then I -- oh. I stopped (unintelligible)  
20 just reading what people write to me, just because they  
21 always trying to sell me something.

22 **Q Yeah.**

23 A And the problem is, first, if the person  
24 comes to me, I already think, personally, something's  
25 wrong with it. If he could have sold it, he could have



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1 sold it without me. So, if he's coming to me, there  
2 might be some risk more into it.

3 **Q Okay. So, other than -- than looking at**  
4 **Zillow and the other website you mentioned, what other**  
5 **work, if any, did you do in terms of trying to identify**  
6 **potential real estate investments?**

7 A That's -- I know about real estate. I mean,  
8 I've been buying since I was little and living here.

9 **Q Okay.**

10 A And I have a house with my parents and I  
11 have another property -- a lot of properties that I had  
12 to sell to cover certain things.

13 But at the same time, to buy a house is not  
14 the problem, I mean, thanks to Internet. It's not a  
15 problem. The problem that I told you, if you remember  
16 when we talked, the management of the property. Because,  
17 I'm not going to buy it all in one square foot. I cannot  
18 manage it.

19 So, I understood that, in due time, I'm  
20 going to have to find a management company in that area.  
21 And so we -- I did that kind of research.

22 I didn't look for the property itself.  
23 Like, I knew, for example, co-living is what, right now,  
24 needed. It's very -- what people needed, people looking  
25 and there's a line.

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1 I actually, in San Francisco, signed up for  
2 one of the co-living, they called me almost four months  
3 later saying, "Oh, we finally have a spot for you."

4 So, I did that kind of research to  
5 understand what I want to do with the property as far as  
6 not buying a house and just renting it, but make less  
7 risk renting to different people.

8 You know what co-living is.

9 **Q Did --**

10 A Right?

11 **Q Yeah. Let me -- let me -- I just want to**  
12 **get you out of here today. So, let me ask you a couple**  
13 **more questions. I appreciate your explanation.**

14 **Did RECoin hire any real estate brokers?**

15 A No.

16 **Q Did RECoin hire any lawyers?**

17 A For the trust I hired a lawyer.

18 **Q I'm sorry?**

19 A For the trust, where the real estate  
20 supposed to be hold, I hired a lawyer.

21 **Q Okay. Other than that, did you hire any**  
22 **lawyer?**

23 A No. I didn't need a lawyer.

24 **Q Okay. Did you hire any accountants?**

25 A For what?

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1 **Q Just for any reason.**

2 A No. Not yet.

3 **Q And did RECoin ever buy any -- hire any**  
4 **accountants for any reason?**

5 A No.

6 **Q Okay. Did RECoin ever hire any, like, real**  
7 **estate appraisers?**

8 A No.

9 **Q Okay. So, the employees of RECoin, I think**  
10 **you said about 300, eight full time and the rest part**  
11 **time, correct?**

12 A Yes. Managers, eight, and the rest  
13 outsourced.

14 **Q So, the eight, are any of them, like -- I**  
15 **want to understand a little more. Are they programmers**  
16 **or are they research assistants?**

17 A No, no, no. Programmers is kind of half and  
18 half. He's outsourced.

19 **Q Uh-huh.**

20 A They do research for me when they --

21 **Q Outsourced? Who is he?**

22 A The guy who does software for me.

23 **Q Okay.**

24 A I mean, he's been doing all the software for  
25 me for many years.

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1 BY MS. SZCZEPANIK:

2 **Q And what's his name?**

3 A Eugene. He's on the site.

4 MR. TENREIRO: He's pointing at Exhibit 3.

5 THE WITNESS: Right here.

6 BY MR. TENREIRO:

7 **Q Oh, this is -- I'm sorry. So, this will be**  
8 **page -- Eugene -- Eugene something. There's one Eugene**  
9 **there. It says, "Development Team Lead." That's him?**  
10 **Eugene?**

11 A Yeah.

12 **Q That's your software guy?**

13 A Yeah.

14 **Q Okay. Well, since we're here, there's four**  
15 **people here --**

16 A That guy, Alex, is the one who basically  
17 managed Ukrainian office. He's, like -- for example, if  
18 I need something, I tell him, he -- he's a manager.

19 **Q Okay.**

20 BY MS. SZCZEPANIK:

21 **Q It says he's a "marketing Jedi Master."**  
22 **What does that mean?**

23 A Yeah. He's a good -- marketing.

24 **Q And what was he marketing for you?**

25 A The whole thing. All of it. Internet



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1 marketing. He's good, but he's also manager. Because, I  
2 knew him for awhile. I trust him.

3 **Q So, he's in the Ukraine?**

4 A Yes.

5 **Q How about Eugene? Where's he?**

6 A Also Ukraine. All of them are in the  
7 Ukraine at this point. Alex, Victoria, (unintelligible)  
8 left.

9 **Q That's Alexandra, right?**

10 A Yeah.

11 **Q Why did he leave?**

12 A I can't pay him as much as he wanted. He  
13 come up to me and says, "I want a raise." I said, "I  
14 can't give you more," and he left.

15 I'm not holding anybody. But these three  
16 guys, I'm planning to move them to the United States --  
17 well, as soon as we pick up. But, --

18 BY MR. TENREIRO:

19 **Q Is that -- I'm sorry. Is that Alex, Eugene  
20 and Victoria that you're planning to move?**

21 A Alex, Eugene and Victoria.

22 **Q Okay. But what were --**

23 A Alex, he's the manager. He does, also,  
24 marketing.

25 **Q Oh, this is the one -- the Alexandra. I'm**

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1 **How much -- how much in -- in membership  
2 tokens has DRC sold?**

3 A As far as my understanding about law, as  
4 soon as I get this kind of paper for DRC, you have all  
5 the answers.

6 **Q I'm sorry?**

7 A As far as my understanding of the law, as  
8 soon as I get this kind of -- about DRC, you have all the  
9 answers.

10 **Q All right. So, you're not -- you're  
11 refusing to answer the question --**

12 A Because, I won't have paper like this,  
13 subpoena for DRC.

14 BY MS. SZCZEPANIK:

15 **Q Well, sir, you are under subpoena to give  
16 testimony today.**

17 A For RECoin, not for DRC. As far as I read  
18 on the Internet, it's two different things, because it's  
19 two different entities, because it's two different -- all  
20 together.

21 I do not have a problem. I told you, print  
22 out the subpoena for DRC and let's do it after next week.  
23 But, as far as the question goes, I don't want them to be  
24 mixed in one bundle.

25 **Q So, this investigation, the Staff determines**

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1 **sorry. Before he left. Alexandra.**

2 A He done, like, for example, Reddit --

3 **Q Reddit?**

4 A Social media stuff.

5 **Q Oh, okay.**

6 A Answering questions and so forth. Like I  
7 said, he has a family.

8 **Q And Victoria, what does she do?**

9 A She -- she runs sites -- for now she's  
10 bringing those 18 sites of basically new sites.

11 **Q Okay.**

12 A She does, also, books for me, a couple  
13 books.

14 **Q Okay. Did you -- did RECoin ever hire any  
15 real estate developers?**

16 A No.

17 **Q Okay. So, and then -- so, now, going back  
18 to the stages. You said that -- that DRC --**

19 A Um-hum.

20 **Q -- that has gone into at least the first  
21 stage, you said?**

22 A Um-hum.

23 **Q And can you describe what that first stage  
24 is? So, actually, I'm sorry. Let me withdraw that  
25 question.**

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1 **what's relevant to this investigation. And we believe  
2 it's relevant to ask you questions now about your new  
3 enterprise, DRC.**

4 **Are you refusing to answer questions?**

5 A I mean, I just -- I need to read more laws,  
6 so I'm taking the Fifth until I read more. Because, as  
7 far as what I read on the Internet and as far as laws as  
8 far as I understand, it has -- well, fine. I'll answer  
9 the question.

10 As far as my understanding, what I read in  
11 the Internet, and I wanted to follow it, it says RECoin,  
12 answer about RECoin. Where it says DRC, I'll answer all  
13 the questions about DRC.

14 BY MR. TENREIRO:

15 **Q Well, let me just get the record clear,  
16 because, if you wanted to take the Fifth, you should take  
17 the Fifth. And we don't want to discourage you from  
18 asserting your rights.**

19 **I thought you said earlier, though, that you  
20 gave some people who had bought the RECoin membership the  
21 option to transfer into DRC.**

22 A Yes.

23 **Q Okay. So -- and some of the documents, the  
24 stack that you provided me this morning, talks about DRC;  
25 is that correct?**

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1 A Yes. Because, we offered the move.

2 **Q Okay. So, with that in mind, I mean, if you**  
3 **want to take the Fifth, go ahead. But my question is,**  
4 **how much has DRC sold in membership interest?**

5 A We did, probably, right now, about the same,  
6 100 and change, before the move. Plus, we not  
7 advertising too much. We're still fixing the box.

8 But, it's already published, we already did  
9 advertising, but we're not, like, "Here, come and buy it  
10 right now."

11 **Q So, the 100,000 and change that moved**  
12 **from -- from --**

13 A And plus. I think couple thousand more.

14 **Q But, you have a website?**

15 A Of course. DRC.world.

16 **Q And if I go -- DRC?**

17 A .world.

18 **Q .world. And if I go to the website now, I**  
19 **can put in my credit card and buy a membership interest?**

20 A Yes.

21 **Q That's available?**

22 A Yes.

23 **Q Okay. And now -- I'm still focused on**  
24 **stages. I'm sorry.**

25 A Okay.

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1 because the thing I'm trying to figure out with him, not  
2 all my members are United States members.

3 So, he provides a lot of things for United  
4 States, but I need more. So, basically traveling will go  
5 to everything, to every member, but discount in stores  
6 only to the United States.

7 **Q Okay. Gotcha. Okay. So, that's the first**  
8 **stage. So you have not issued the tokens yet --**

9 A No. We're applying to before Christmas.

10 **Q Okay.**

11 A But, we are doing faster than we need to do.  
12 It's just -- it's just the first version.

13 Again, there's going to be about three  
14 different wallets in the next couple years, at least.

15 The mining part that you ask is the last  
16 stage of the wallet. It's the last version of it and  
17 before we get to that version we need to fix the bugs.

18 I see the problems might happen, that's why  
19 it's not -- we're building right away crazy-ass, I'm  
20 sorry to say, picture of the whole thing before we know  
21 it's safe.

22 Because, the -- my one -- the biggest  
23 concern that I have of the face of the company and  
24 everything else is, if they steal token, I still own 70  
25 percent in diamonds. And that's where it gets the scary

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1 **Q So, you said that project has gone to the**  
2 **first stage, at least?**

3 A In some way, yes.

4 **Q Go ahead and explain.**

5 A It's already have what the ecosystem of the  
6 new sites, where you can be able to use that token to get  
7 advertising. It didn't get to the full first stage, as  
8 far as the first version of the wallet --

9 **Q Okay.**

10 A -- which is also in --

11 **Q Okay.**

12 A I mean, I can even let you play with it, I  
13 think -- well, you already asked me to for the coin.  
14 But, it's not released.

15 **Q The token's not released?**

16 A The Ethereum tokens are not released. It's  
17 still just design.

18 **Q Right.**

19 A And like I said, we're still on -- like, I  
20 was supposed to meet the Access guy --

21 **Q Right.**

22 A -- but, because of I had to go to Puerto  
23 Rico, plus this, I will change it to next week.

24 **Q Yeah.**

25 A So, after that I'm going to talk to them,

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1 part.

2 **Q I apologize if I asked you this earlier.**  
3 **Other than Access, is there any other -- and you said --**  
4 **other than Access -- let me finish the question. Other**  
5 **than Access, have you contacted other companies --**

6 A Yeah.

7 **Q -- about this discount?**

8 A But, so far I didn't see anything like a  
9 bundle that actually gives the right price, the right  
10 access. There's a lot of them. I had, like, basically,  
11 it's corporate discounts --

12 **Q Uh-huh.**

13 A -- they call Internet, this is a membership  
14 discounts for clubs. I want to go after direct people,  
15 after their company.

16 **Q So, call an airline directly--**

17 A Yeah. Go to Delta. Go to the other ones.

18 But, for me to get there after I understood,  
19 like, I need to get him first, show the work, and only  
20 then I can go to directly to the other ones.

21 Because, the way they doing the profits,  
22 they get that amount. So, basically, I give you  
23 10 percent, but they get 20 percent. So, I need to give  
24 to my members the whole 20 or at least 15. For me to do  
25 this I have to build my own up. It just takes time.

1 Q And in terms of the diamonds, have you  
2 contacted or have you -- well, actually, let me take a  
3 step back.

4 When you're contacting people, how do you  
5 normally do it? Do you call them? Do you e-mail them?  
6 Do you send them a Facebook message?

7 Well, the people that you -- you said you  
8 looked at some other companies, but you didn't like them  
9 that much, in terms of the discounts they were  
10 offering --

11 A Ah. E-mails.

12 Q You send them e-mails?

13 A Yeah. I send them e-mails. They answer, I  
14 read, I talk to them a couple on the phone. After I see  
15 I don't need it, I delete it.

16 Q Right.

17 A That's like, for future I'm going to hold  
18 all that information.

19 Q Well, Gmail has deleted -- your deleted  
20 e-mails.

21 A Huh?

22 Q Gmail has your deleted e-mails in the trash.

23 A No, they don't.

24 Q The --

25 A I delete all my e-mails, because, especially

1 Gmail, because, like I said, I have problem already with  
2 Gmail. That's why, when you send me a legal document,  
3 I'm like, I didn't say you can send it to me. Especially  
4 to this e-mail. It's, like, the most unsecured thing in  
5 existence.

6 Q You're okay with me e-mailing you, just not  
7 to that address?

8 A Well, I'm not good with you e-mailing me --  
9 I'm okay with you e-mailing me, for examples, "Where are  
10 you right now?" I'm gonna say, "Here's my address, in  
11 New York for next week."

12 And you can just mail to regular mail, I'll  
13 pick it up and I'll come in or anything like that.

14 Q And in the subpoena that's Exhibit 2, I did  
15 mail it to you, to the Las Vegas address.

16 A Yeah. But, I came in just because I got it.  
17 I didn't go to your -- Las Vegas.

18 Q Got it. What is in Las Vegas?

19 A It's, like, beginning of the office.

20 Q Okay. That was for RECoin or for both?

21 A For RECoin, no. The DRC is Puerto Rico --

22 Q Oh, okay.

23 A -- that's why I was out last week there and  
24 I couldn't talk and I got (unintelligible). My luck.  
25 Because, I moved the company there from Las Vegas because

1 of giving me more room as far as taxes goes.

2 Q So, what happened to the office in  
3 Las Vegas?

4 A It closed.

5 Q Oh, okay.

6 A As soon as I get full refunds, we're all  
7 done, I'm going to file the IRS form, taxes for this  
8 year, and that's it.

9 Q Sorry. What's the address of the office in  
10 Puerto Rico?

11 A On the site. 53 -- I can't pronounce --  
12 (pronouncing) P-something.

13 Q Okay. Whatever's on the site.

14 A Yeah.

15 Q That's the mailing address for the DRC  
16 office?

17 A Yes.

18 Q Okay. And in terms of the diamond hedging  
19 for DRC, what -- what -- can you just explain to me --  
20 first of all, how will that work? Can you just explain  
21 to me in your own terms, please, what does that mean?  
22 What is it?

23 A Well, you buy diamonds, you put it in safe  
24 deposit box and they're just stored there.

25 Q And you said 70 percent of the proceeds?

1 A Up to 70 percent.

2 Q Okay.

3 A Why up to? Because that's what we're  
4 guaranteeing up to. It's not -- buying, I'll buy for the  
5 70. But, because the token can grow by itself, that's  
6 why we're saying up to 70 percent, in case of --  
7 whatever.

8 Q Yeah. Have you bought any diamonds so far?

9 A No.

10 Q Okay. And have you -- can you just explain  
11 to me what sort of, like, legwork you've done to identify  
12 where or from whom or -- I don't know anything about  
13 diamonds, so, can you just explain it to me?

14 A I'm actually learning, also, about diamonds.  
15 I have a couple of relatives that have been in this  
16 business for as long as I know them.

17 Q Uh-huh.

18 A And they consultate me, explain me how it  
19 works.

20 Q Uh-huh.

21 A And I understand now, the more money I have  
22 when I buy diamond, the more I get discounted from  
23 De Beers.

24 Q From buyers?

25 A De Beers. Diamond exchange -- I think

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1 that's what --

2 THE REPORTER: De Beers?

3 **Q De Beers. So, have you contacted anyone at**  
4 **De Beers?**

5 A I'm not.

6 **Q Have you contacted anyone that sells**  
7 **diamonds?**

8 A No. I talked to my cousin, I talked to a  
9 couple other people that works and sell them. That's it.  
10 I don't need it. You understand, when you work with  
11 those people and just talk about nothing, next time you  
12 come in, you cannot talk to them.

13 If you come in and say, "Look, I have  
14 50,000, I need to buy this amount, but in smaller  
15 diamond," they'll tell you this is how much it cost here,  
16 this how much it cost there, then they go to somebody  
17 else who come and we're getting screwed.

18 **Q Right. Right. There's different sizes, I**  
19 **guess.**

20 A There's sizes -- there's size, there is  
21 colors, there is GIA approved, there's not GIA approved.  
22 We're going to buy only GIA approved.

23 **Q Okay. So, let me --**

24 A You know what GIA is.

25 **Q I don't. Explain it.**

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1 A It's the biggest, I guess, appraisal, slash,  
2 certificate in the world. It's Geology Institute of  
3 America. They have a building here -- they basically --  
4 they's like three companies in the world. They are, in  
5 my understanding, the most safest.

6 **Q Gotcha.**

7 A Because, they bring the color of the  
8 diamond -- for example, well, they already did the  
9 research work. There's two different colors. GIA brings  
10 the color down, the other one is trying to raise more  
11 than it is.

12 **Q Um-hum.**

13 A So, when they appraise it and do the  
14 certificate. So, in my case I'm going to use only GIA.

15 **Q Gotcha. So -- okay. So, so far, just to**  
16 **make sure I understand, so far you -- you have consulted**  
17 **with relatives that know about diamonds?**

18 A Relatives, yeah, who point me in the right  
19 direction. I talked to GIA about the classes they have.

20 **Q Right. You talked to J.A. about --**

21 A Yeah. About the classes they have. I can  
22 take two out of three on the Internet, which I'm going  
23 to -- I'm planning to do, anyway, so, you know, to keep  
24 me safe first.

25 **Q Yeah.**

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1 A With all this. But, the last one I'm going  
2 to have to attend later.

3 **Q So, the idea, essentially, is, you're gonna**  
4 **find ways to identify which diamonds are a good idea to**  
5 **buy. Is that fair to say?**

6 A Yeah. It's -- to understand the diamond, so  
7 I can keep them as a hedging instrument.

8 **Q Right.**

9 A Which one is the best to buy? I am not sure  
10 if that's correct word, because diamonds are more --  
11 like, for example, gold goes up and down --

12 **Q Um-hum.**

13 A -- diamonds more steady.

14 **Q Okay.**

15 A They don't go down, they just slowly go up.

16 **Q Slowly go up.**

17 A Right. So, it's more of, like, a safety  
18 cushion, that's what I'm looking for in diamonds.

19 BY MS. SZCZEPANIK:

20 **Q What do you mean by a "hedging instrument"?**

21 A Basically I guarantee people who have the  
22 membership, in case of World War III or anything that  
23 happens, anything, I'm going to buy the membership back.

24 And then, if I keep it in cash, the problem  
25 is with the cash is they also -- it depreciates and --

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1 so, we did the diamond.

2 I tried real estate, but I told you why, I  
3 mean -- I mean, I think that every -- right now I see all  
4 that's happening with real estate, that's a scam. And I  
5 can basically prove it. I mean, to the point --

6 Because, like I said, I took enough apart  
7 different white papers and so forth that -- I mean,  
8 whatever the problem is, it's impossible to do. And  
9 sadly enough, I know that, you know, my team, certain  
10 things with me, calculating and calculating and  
11 calculating, and I still make a mistake. Because, like,  
12 I look after everything that's going on --

13 **Q Yeah.**

14 A -- with ICOs. And you read a couple of  
15 them, I'm serious, if you have five cents of  
16 understanding -- five cents, I'm not saying they have to  
17 be genius -- it's a rip-off. And when you read it, the  
18 problem is, like, I'm doing a project, I want to leave to  
19 my kids.

20 **Q So --**

21 A That's why the winding is set for 30 years,  
22 because I'm not in a rush anywhere to run. And if you  
23 read, like, white paper even, I only get 0.5 percent of  
24 commission after it's going to make that. I'm not taking  
25 anything for myself upfront, so I'm making them the

1 service.

2 **Q I'm sorry. I missed that last part. Do you**  
3 **take a commission?**

4 A Okay. Everything that's going on with the  
5 memberships or tokens, they are solely commissions. The  
6 miners get a big chunk of everything.

7 **Q Um-hum.**

8 A I get out of that what they said in white  
9 paper, 0.5 percent.

10 **Q Of the mining?**

11 A Not of the mining, of the commission.

12 BY MS. SZCZEPANIK:

13 **Q From the token sales.**

14 A Yeah. Not from token sales, from the  
15 commission when they -- they move it around. It's like,  
16 when they buy something, not when they buy the token  
17 itself. When they buy, for example, service on it.

18 BY MR. TENREIRO:

19 **Q When they use it.**

20 A When they use it. And I get 0.5 percent of  
21 that. So, until they use it, I don't make squat. So, I  
22 don't keep any percent of the tokens I sell. I don't  
23 need to. I believe in this project.

24 **Q So, you use 30 percent for, I think you**  
25 **said, overhead values?**

1 A Well, 30 percent goes from the sales of  
2 tokens -- there's a little bit of mathematics. It's off  
3 the paper, you can find it.

4 **Q Um-hum.**

5 A So, basically it's 2 percent goes to the  
6 charities.

7 **Q Um-hum.**

8 A I sell for a million, 2 percent goes.

9 **Q Okay.**

10 A So, you have 28 left, roughly. Then you're  
11 going to advertising, pushing the club further, but not  
12 the rest of the stuff.

13 Like, for example, the reason why I'm  
14 building software for the club is to jump-start the  
15 ecosystem, not to be part of that, even, club.

16 The club is much bigger. It's supposed to  
17 be much bigger. It's supposed to go to, like, Home Depot  
18 and says, listen, we have a -- I'm in -- club member,  
19 give us a discount.

20 **Q Who's -- who's building the software?**

21 A Eugene.

22 **Q Oh, okay. I'm sorry.**

23 A He has different guys work for him, but he  
24 building it for the consultant.

25 **Q You said you, so I got confused.**

1 A Well, it's my baby.

2 **Q Okay. So, just -- I'm still -- so, on the**  
3 **diamonds, then, the idea is, you're going to have**  
4 **yourself and other people --**

5 A I have --

6 **Q -- let me finish the question -- help you**  
7 **identify the diamonds that are for the -- that you**  
8 **believe are the proper ones for the hedge, essentially?**

9 A Yes.

10 **Q Okay. And so, that's -- just to -- just to**  
11 **clarify, so I understand the list, that's going to**  
12 **include yourself and who else, if anyone else? Go ahead.**

13 A It's going to include me and, for example, I  
14 think my cousin will help in the beginning and a couple  
15 of other people I know.

16 But, mostly, there's no offense, in my life  
17 I had enough people that screwed me over and even close  
18 friends. And so, that's why I want to go and learn  
19 myself, so, you know, this way you can only blame  
20 yourself for mistakes in case of anything.

21 **Q Gotcha.**

22 A And but, like, for example, I looked into  
23 the problem I'm still having with this and I don't like  
24 it, but I'm working on the problems, where to put the  
25 diamonds.

1 **Q Um-hum.**

2 A If the gold -- there is banks for gold,  
3 there is no banks for diamonds. So, the easiest way is  
4 safe deposit box in the beginning, but then, the small  
5 offices are safer and insurance.

6 **Q Okay. Gotcha. Let me ask you -- and I**  
7 **should have asked you at the beginning, but we got**  
8 **sidetracked very quickly.**

9 **Did RECoin ever incorporate as a corporate**  
10 **entity?**

11 A LLC.

12 **Q Okay.**

13 A I told you -- we told you in the beginning.  
14 I will send you the documents. I forgot to print them  
15 out. But, there is a tax ID number on the site. It's  
16 always been there.

17 **Q I apologize. Where was it incorporated as**  
18 **an LLC?**

19 A Las Vegas.

20 **Q In Nevada?**

21 A Yes.

22 **Q Okay. Okay. And what about DRC? Is that**  
23 **incorporated --**

24 A Of course. Corp C.

25 **Q Corp C where?**

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1 A Puerto Rico.  
 2 **Q That's incorporated in Puerto Rico. Okay.**  
 3 **And does it have bank accounts?**  
 4 A That company and this, of course.  
 5 **Q Okay. So, let's talk about RECoin. It has**  
 6 **bank accounts?**  
 7 A Of course.  
 8 **Q Where and what bank?**  
 9 A Wells Fargo, Bank of America.  
 10 **Q Bank of America and Wells Fargo?**  
 11 A Yeah. Wells Fargo we closed; Bank of  
 12 America, just because I have the rest of my accounts in  
 13 Bank of America.  
 14 **Q Right.**  
 15 A It's just easier for me.  
 16 **Q Right, right, right. And what about the DRC**  
 17 **bank accounts? What bank are those in?**  
 18 A In Banco Popular for now.  
 19 **Q In Puerto Rico?**  
 20 A Um-hum. They have a branch here in the  
 21 United States, that's why I picked them, but --  
 22 **Q And where -- I apologize. What -- some of**  
 23 **this stuff that I always do at the beginning, I just want**  
 24 **to not forget.**  
 25 **Are you a citizen of the States?**

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1 A Of course.  
 2 **Q Okay. But, you said you were born in**  
 3 **Ukraine?**  
 4 A Yes.  
 5 **Q Okay. Got it.**  
 6 A We moved here when I was 12.  
 7 **Q You've lived here since you were 12. Okay.**  
 8 **And when were you born?**  
 9 A '79.  
 10 **Q Okay. And what has been your home address**  
 11 **for the last three years?**  
 12 A That's a tough one to answer. About a  
 13 thousand miles up in the air. I've been traveling for  
 14 the last three years so much that -- I have an address,  
 15 one in Brooklyn, one in California.  
 16 **Q Can you give me the address?**  
 17 A Yeah. [REDACTED].  
 18 **Q That's in Los Angeles?**  
 19 A [REDACTED]. And that other one  
 20 in [REDACTED].  
 21 **Q Okay. So, which one of those is your main**  
 22 **place of residence or at least your tax home?**  
 23 A Tax home, California. That's the proper way  
 24 of --  
 25 **Q What's your business phone number?**

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1 A You can use my personal if you wanted to  
 2 reach me. If you want to reach which company?  
 3 **Q No. Just -- you -- whatever --**  
 4 A Ah. [REDACTED].  
 5 **Q So, lots of 4s. Okay. And what's the phone**  
 6 **number for DRC?**  
 7 A There's one on the site. I don't remember.  
 8 **Q Okay. That's fine. And you said --**  
 9 A We actually going to have 12 of them in  
 10 about a week.  
 11 **Q Twelve phone numbers?**  
 12 A For DRC. We're fixing our problems with  
 13 RECoin. We're getting bigger customer help.  
 14 **Q Oh. So, the customer -- I was just going to**  
 15 **ask you, what are the 12 phone numbers going to be for?**  
 16 A Customer service.  
 17 **Q Gotcha. Gotcha.**  
 18 A For the call. Because, one of the biggest  
 19 problems we had before, we didn't have enough people.  
 20 **Q Um-hum.**  
 21 A And people wrote e-mails that we couldn't  
 22 call them, because he didn't provide it.  
 23 BY MS. SZCZEPANIK:  
 24 **Q And who's going to staff the 12 phone lines?**  
 25 A Staff in Ukraine. Again, I mean, try to

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1 understand the reason -- there's certain things right now  
 2 that's --  
 3 For example, Philippines are much better  
 4 speaking English than even I do. They just that. And  
 5 they cost about, right now, \$7 an hour. In Ukraine it  
 6 cost about dollar and a half, 2.  
 7 BY MR. TENREIRO:  
 8 **Q Can you just please, briefly, describe your**  
 9 **education history.**  
 10 A I have finance -- you want just the top or  
 11 all of it?  
 12 **Q Since high school.**  
 13 A I have executive for M.S. in finance from  
 14 Baruch.  
 15 **Q Baruch College?**  
 16 A I have an LLM.  
 17 **Q Okay. From?**  
 18 A Cardozo.  
 19 **Q Anything else?**  
 20 A That's the highest.  
 21 **Q Okay. Great. And what about your**  
 22 **employment history? Before you started doing RECoin what**  
 23 **were you doing? You mentioned, I think, some --**  
 24 A I worked -- about 15 years ago I worked as a  
 25 computer consultant.



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1 **Q Uh-huh.**

2 A It got to the point where I don't touch  
3 computer parts except e-mails. But, I worked Salomon  
4 Smith Barney, I worked Merrill Lynch, I worked UBS. I  
5 used to be in the bank system.

6 **Q Okay. Do you have any professional**  
7 **licenses?**

8 A Not anymore. I used to have 7 in, I  
9 think --

10 **Q So, you used to be registered with the SEC?**

11 A Yeah. Of course.

12 **Q And when did that stop?**

13 A Honestly, don't know when it stopped. I  
14 know the last time I did day trading, which was on  
15 Wall Street, a company called Cole Brothers (phonetic).

16 **Q Okay. Can you tell me the approximate date**  
17 **of when you stopped working on Wall Street, essentially?**

18 A About 15 years ago.

19 **Q Oh, okay. So --**

20 A A long, long, long time ago.

21 **Q What did you do?**

22 A I had my own businesses internationally,  
23 then I lost, in 2008, a lot of the money and not even my  
24 own money. That's it.

25 So, then, mostly business for self-

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1 assurance, I guess -- not self-assurance. After in life  
2 losing all of it financially, I figured, even before I  
3 was doing more and more charity work or I considered --  
4 that's why in this project there is so much about  
5 charity, because of my belief that I don't care where you  
6 make the money, but don't forget to share.

7 **Q Before RECoin, what project were you working**  
8 **on?**

9 A For the last years I did mostly charity,  
10 just because I didn't want to -- I don't know. I got hit  
11 real hard in 2008 and it took me awhile to recover  
12 mentally first.

13 I did a lot of learning, I did a lot of  
14 different stuff, it's like, before I started doing RECoin  
15 to understand the marketing. I went to a couple people,  
16 they told me the price and then they told me, "Oh, it's  
17 not going to work."

18 So, it took me six months just to sit my  
19 butt down and read almost every book in the market and  
20 went to different conferences, listen to all about it on  
21 the Internet.

22 **Q Got it.**

23 A It got to the point where 20 hours a day. I  
24 suffered from that point, because that's how I did it. I  
25 went almost double the size of what you see right now and

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1 my blood pressure went up twice.

2 BY MS. SZCZEPANIK:

3 **Q What were the charities that you worked for?**

4 A In Ukraine and Russia. Now I work for  
5 LLL Global. It's also in the papers and so forth.

6 THE REPORTER: It is "A Global" or  
7 "LL Global"?

8 THE WITNESS: LLL Global. Live Love Laugh  
9 Global. Live Love Laugh Global. I'm the president  
10 of that. I started with other people. Now I'm  
11 looking for a different president, because I'm  
12 taking this step. Honestly, why I started all  
13 this, if you won't laugh, my ex-wife.

14 **Q Who are the beneficiaries of LLC Global**  
15 **(sic)?**

16 A We send humanitarian aid to Ukraine, to  
17 Russia, we send couple times to Africa. I'm working on a  
18 project right now for Venezuela, different, like --

19 BY MR. TENREIRO:

20 **Q On RECoin, who is the -- who owns the**  
21 **company?**

22 A I.

23 **Q Only you?**

24 A Just me.

25 **Q Okay. And what about DRC?**

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1 A (Raising hand.)

2 **Q Just you?**

3 A Just me.

4 **Q Verbal answer, please.**

5 A I'm sorry.

6 **Q Okay. Does it have a board of directors,**  
7 **does it have officers, or, what's your -- what's your**  
8 **position?**

9 A President for now.

10 **Q President?**

11 A For now.

12 **Q Okay. Any other position?**

13 A For me?

14 **Q Um-hum.**

15 A Treasurer.

16 **Q Okay. Is there any -- is there another**  
17 **director?**

18 A For now, no.

19 **Q All right.**

20 A The way this set up is, after awhile there's  
21 going to be a board of directors, I'm going to keep on  
22 top and I'm hoping in five years or three, if everything  
23 goes fine, I'll just be looking after it as far as -- so  
24 people will not abuse it.

25 **Q Other than RECoin and DRC and, I guess,**



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1 the -- the charity, are there any other business or any  
2 other entities that you have an interest in, an ownership  
3 in?

4 A Of course. I have advertising firm.  
5 101Lego.

6 Q 11?

7 A 101Lego.

8 Q Lego?

9 A Yes.

10 MS. SZCZEPANIK: L-E-G-O?

11 THE WITNESS: Yeah. Of course.

12 Q Anything else?

13 A I have, actually, another site that's being  
14 raised, which is a crowdfund platform, MLT Hub.

15 Q A multi-hub?

16 A MLT Hub.

17 Q What's the name of it?

18 A MLT Hub.

19 Q Oh. That's the name.

20 BY MS. SZCZEPANIK:

21 Q It's called A-M-U --

22 A No. M-L-T Hub.

23 Q MLT Hub. Okay.

24 A MLT Hub.

25 Q What do you mean by a crowdfunding platform?

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1 A It's a crowdfunding platform, like  
2 Kickstarter.

3 Q Okay. Describe that business.

4 A Crowdfunding. We're crowdfunding. I don't  
5 know how to properly describe it.

6 Q For what types of entities does MLT Hub  
7 crowdfund?

8 A Well, it doesn't crowdfund anything yet.  
9 It's supposed to crowdfund for, basically -- for anybody  
10 who wants to do the work crowdfund. It doesn't do  
11 specifically.

12 We do not have a problem for other  
13 cryptocurrency people to pull it up, but we are going to  
14 check for their safety. If I don't believe in a project  
15 they're doing, I'm going to close it up.

16 BY MR. TENREIRO:

17 Q Any other entities?

18 A Most of them are already closed. No.  
19 That's it. That -- the one that's actually -- gave to  
20 work.

21 Q The advertisement agency --

22 A 101Lego.

23 Q Who's the owner?

24 A I am.

25 Q Just you?

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1 A Just me.

2 Q Okay. And --

3 BY MS. SZCZEPANIK:

4 Q Does that have any business operations?

5 A Not now. It did -- from -- it had, also, in  
6 Las Vegas. Now I moved -- all of them are moving to  
7 Puerto Rico.

8 Q Did it ever have any business operations?

9 A Not yet. We -- like I said, my investment  
10 into the project by me it was decided to invest into  
11 ecosystems, which is not to jump-start it, not into the  
12 rest of the whatever.

13 BY MR. TENREIRO:

14 Q Have you ever been known by any other names  
15 or aliases?

16 A Max, which is just because it's shorter.

17 Q Okay.

18 A And that's it. I have a Jewish name, but  
19 it's only in, you know, Jewish.

20 Q So, what's your Social Security number?

21 A [REDACTED].

22 Q Okay. And the AMLT business, who is the  
23 owner of that?

24 A It's also me.

25 Q Just you?

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1 A Just me.

2 MS. SZCZEPANIK: I'm sorry. Was it AMLT  
3 or --

4 THE WITNESS: MLT.

5 Q Oh. Thank you. MLT. Okay.

6 A The site is already up, because we're  
7 getting bank accounts and so forth for it, but it's  
8 not -- it's not there yet as far as I'll be happy with it  
9 and it's not there yet as far as -- we found a couple  
10 problems yesterday.

11 Because, every time we have any software  
12 that you release, it's certainly not point in time for it  
13 to make a mistake and I'll be happy. Just because it's a  
14 software. Like, when I used to work for a bank, like, we  
15 call Microsoft so we don't have this problem.

16 Q The -- let me ask you, let's go back, now,  
17 to RECoin. So, can you please go back to Exhibit 4,  
18 which was the white paper.

19 A Yeah.

20 Q Who put this -- who put this together?

21 A The guys that I have working for me.

22 Q In Ukraine?

23 A Yeah.

24 Q Can you be more specific?

25 A There is different people that's writing

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1 pieces. One of them is technical, they'll write, for  
2 example, the mining parts of what they know, technical.  
3 They're the guys that sit down, the computer guys, and  
4 say, here's how we want to achieve, and if you have a  
5 problem, explain why you cannot build it and we're gonna  
6 instruct you in the technical part.

7 **Q And who -- what was your role with respect**  
8 **to this white paper?**

9 A I read it, but, honestly, sometimes when you  
10 read a hundred times the same paper, it's just -- it's  
11 just -- there was problems with rewriting a lot of them.

12 **Q What do you mean?**

13 A I look at when I have -- like, I read it,  
14 read it, read it, read it and you see zero there. You --  
15 when you read a hundred times the same paper --

16 **Q Do you mean you've read this paper a hundred**  
17 **times?**

18 A I've read all the white papers a hundred  
19 times. And they're all the same, they just move in,  
20 like -- you know, you see the same thing, after you read  
21 the same thing so many times, you don't see anything.  
22 Then it takes about a week, two, when I remember, I start  
23 re-reading it and I see mistakes and we start fixing it.

24 **Q Got it.**

25 A I -- I'm a control freak. And that's a good

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1 thing and it's a bad thing. I don't trust anybody enough  
2 and at the same time, when you do it all yourself,  
3 there's only -- like, my health gets off.

4 **Q Okay. But, just -- who put -- who put the**  
5 **white paper up on the website?**

6 A The technical guys.

7 **Q Okay. But, I mean, did you get approval for**  
8 **that?**

9 A To some of them I did. To some of them I  
10 might not seen it before and I saw it afterwards and I  
11 told them to fix it.

12 I guess, when you read -- it's not an  
13 excuse, but, when you read a hundred papers of the same  
14 thing, even if when they fix it a little bit, there's --

15 I mean, English is a second language,  
16 anyway, for me. So, some stuff we understood it would be  
17 a mistake in writing after people told us on Bitcoin Talk  
18 or on Facebook. Because, they said, "Listen, do this,  
19 you should fix it." Or "Do this" -- I couldn't  
20 understand.

21 **Q But, you understood that -- that RECoin had**  
22 **a white paper --**

23 A Of course.

24 **Q Okay. And you asked your team to draft**  
25 **white paper?**

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1 A We did draft in the beginning together, but  
2 then, like I said, not all of them I saw.

3 **Q So, initially you participated in the**  
4 **drafting?**

5 A Oh. I said what I wanted to be.

6 **Q Right. So, by -- that was going to be my**  
7 **next question. That was going to be my next question.**  
8 **Who gave them the information to put in the white paper?**

9 A I am.

10 **Q You did?**

11 A Yeah.

12 **Q Okay. All right. So, can I ask you to look**  
13 **at page 5 of the white paper? It's of Exhibit 4.**

14 A 5, 4, okay.

15 **Q It says, "How does RECoin work," is at the**  
16 **top right, and then it says, "RECoin users purchase the**  
17 **RECoin currency." I'm going to skip that first**  
18 **paragraph.**

19 **And then it says, "The value of the currency**  
20 **can grow at least two ways, through the steady increasing**  
21 **value of the real estate investments that RECoin is used**  
22 **to purchase and a higher RECoin value when the demand for**  
23 **RECoin rises."**

24 **Can you explain, in your own words, what**  
25 **that means, please?**

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1 A That was a screw-up. They changed it.

2 **Q Um-hum. What's the screw-up?**

3 A The value of its growth next to the real  
4 estate.

5 **Q Um-hum.**

6 A Because, I said hedging, if you can get to  
7 the part, and they were writing sometimes banking, if you  
8 saw, on different things. That's what we fixed  
9 afterwards. Just because, it had absolutely nothing to  
10 do with the real estate.

11 And I -- the person who's writing, it's one  
12 of the co-writers or rewriters, (unintelligible) writers,  
13 the right word, they see all of it together, they don't  
14 see the whole picture, because, maybe because I don't say  
15 the whole picture to most of these people.

16 Because, like I said, I have a lot of people  
17 with, just say, I had a lot of problems, so far, already.  
18 Somebody copied -- even before we went copied some  
19 images, because the guy went from our site to somebody  
20 else and they copied things and screw up and it's going  
21 to influence my problems. So, that's where the problems  
22 came in.

23 And I told them to fix it, because, like I  
24 said, it's a hedging or banking. I don't know how else  
25 to call it. It's just separate -- it's like Federal

1 Reserve.

2 Let's begin where I got it. I got the idea  
3 from old times, from, like, a thousand years ago, 2,000  
4 years ago. The new version of it, it's a federal reserve  
5 which used to be before the gold.

6 The old days how it worked, if you have a  
7 second, you have the guy, elder, in the village. I come  
8 to the elder, for example, you give a thousands dollars  
9 or a dollar, any coins, you could write me a letter,  
10 "Yeah, I keep a thousand of his," I guarantee that he's  
11 going to be, basically, 100 percent financial set.

12 And then you go to next village. So, this  
13 way you don't get robbed. That's how it was a thousand  
14 years ago. I love history. That's where I got the whole  
15 idea.

16 **Q All right. So --**

17 A So, when I decided -- I decided to be the  
18 first different accepted club and so forth. Also, in  
19 case -- I'm a human being. I can also make a mistake.

20 But, in case of any -- I'm sorry. I also  
21 make mistakes. And in case of anything, there's going to  
22 be always something that, worse case scenario, will cover  
23 most of the problems.

24 **Q Okay. So, let me just go back to these**  
25 **statements.**

1 So, you're saying it's not -- it's not  
2 accurate that the value of the RECoin was going to grow  
3 through the steady increase in value of the real estate?

4 A Of course not.

5 **Q Okay. And you also said -- what about the**  
6 **part that says, "A higher RECoin value when the demand**  
7 **for RECoin rises"? Is that --**

8 A I mean, that's -- it does by itself. We  
9 don't do demands.

10 **Q Right.**

11 A It's same as everything else grows. If your  
12 company, there's more demand for something that's not  
13 enough, it grows.

14 **Q So -- so -- for -- just to make sure I**  
15 **understand. If I buy -- I know RECoin is closed, so,**  
16 **this is a hypothetical. If I buy \$1 of RECoin and then**  
17 **in the future, people -- there's more demand, people --**  
18 **somebody might offer me \$2 for it.**

19 **Is that what that means?**

20 A Yeah. Basically.

21 **Q Okay. And the value -- how would the demand**  
22 **or why would the demand of RECoin increase? Or of DRC --**

23 A Well, anything in the world, there's limited  
24 amount, it can increase. If people like it, it can  
25 increase.

1 There is just (unintelligible) there is  
2 just -- can you explain why Bitcoin is fine? No. It's  
3 unexplainable. If -- I call it UFO.

4 But, it has -- it's certain things like the  
5 ideas, because, there's only -- there's no limitation in  
6 the club. If you look at the previous membership clubs  
7 that's, like, closed, and there's limitations on, well,  
8 you can give it to your son, to your daughter as will or  
9 whatever, but because there's limited amount, it grows in  
10 value. Who sets that value, it's already people set that  
11 value.

12 **Q Right.**

13 A But, at the same time, it has the potential  
14 to do different things.

15 I mean, in our idea it has the potential so  
16 you can actually use it to succeed, to learn something,  
17 to buy something as far as on a different platforms to  
18 take as partners. Mostly it just gives you more and more  
19 access.

20 If you buy a membership, you pay each month.  
21 Here you just bought one and you already at some level.  
22 The more you use it, your level can grow.

23 The more you use it -- like, the idea we are  
24 looking at, basically -- well, now I'm not sure. I was  
25 looking at the first, basically, could work in space in

1 Puerto Rico on the house right next to, like, an old  
2 house, like, to be, like, an old club, if --

3 **Q Um-hum.**

4 A -- you know, like, the history and so forth.  
5 A nice house on Condado. Puerto Rico. That's the house  
6 I wanted to fix up and that would be, like, the front,  
7 you know, the place where people who go on vacation, who  
8 wants to do conferences there and so forth, they can use.

9 **Q So -- so, the idea is that the club will**  
10 **offer more and more services or discounts?**

11 A Basically, yeah. Okay? That's why I  
12 started a conversation to say I'm not going. Because,  
13 they always add a new services if they buy a company or  
14 they're going to partner with a company -- I'm going  
15 different ways --

16 **Q Right. And so, what you would be doing is,**  
17 **you would be looking for these opportunities for the club**  
18 **to offer more services?**

19 A Yes. That's why we couldn't write  
20 all within the -- like, for example, the membership in  
21 white paper. Because, today I'm friends with Delta,  
22 tomorrow I'm not. White paper even changes each time.

23 **Q Right.**

24 A You want it, that's it. Then you have the  
25 membership. And we actually -- if you go to DRC you're

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1 going to like it. There is 11 levels and all of them  
2 named after diamond cuts.

3 **Q Eleven levels of membership?**

4 A Yeah.

5 **Q Okay.**

6 A And all of them named after diamond cuts,  
7 like, princess cut, and last 11 is South Africa  
8 diamond -- forgot the name of it.

9 **Q Going back, again, to this white paper**  
10 **saying the statement that "RECoin can increase through**  
11 **the increasing value of real estate," that statement is**  
12 **not accurate, correct?**

13 A No, it's not.

14 **Q Okay. And you said you asked them to**  
15 **correct it?**

16 A And we did send -- we updated the white  
17 paper to everybody.

18 **Q When?**

19 A Don't remember. You have the dates there.

20 **Q Well, it's just the website -- was there**  
21 **ever a correction issued on the website?**

22 A On Facebook and so forth. The site is the  
23 page. Nobody -- I mean, nobody really uses the page  
24 anymore. I mean, our --

25 Let's say buyers of the month came from

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1 Facebook, they came from Reddit. They didn't come from  
2 the website. At the end of the day they get, like -- I  
3 think it was only five percent came from the site.

4 **Q The website -- was the white paper available**  
5 **through Facebook?**

6 A The link was.

7 **Q There's a link on Facebook to the website?**

8 A Of course. Look -- if you want the list,  
9 I'll send you. That's not a problem. Bitcoin Talk,  
10 Facebook is the biggest activities. There is other small  
11 ones, cryptocurrency sites, but, they're like -- they're  
12 like nothing.

13 **Q And -- and you said that RECoin had a**  
14 **LinkedIn page?**

15 A I did.

16 **Q You did.**

17 A No.

18 **Q I'm sorry.**

19 A RECoin has a LinkedIn --

20 **Q RECoin had a LinkedIn page. And was there a**  
21 **link to the web page through there?**

22 A Yes.

23 **Q Okay. So, did you put up a new white paper**  
24 **correcting that statement?**

25 A We put a new white paper and we issued a

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1 press release and we sent to everybody.

2 **Q Where did you put the new white paper?**

3 A On the Internet. On the page.

4 **Q On the website?**

5 A Of course.

6 **Q And the white paper, what did the new white**  
7 **paper say?**

8 A This was -- this was a problem, there was a  
9 couple more problems.

10 **Q What are they?**

11 A Don't remember it right now. I saw a lot  
12 more than this. But, I brought you both of them.

13 **Q Okay. What about on page --**

14 BY MS. SZCZEPANIK:

15 **Q I'm sorry. How did you communicate with**  
16 **your team that there was mistakes in this version? You**  
17 **called them?**

18 A Um-hum.

19 **Q You have to answer for the record.**

20 A Yeah. I called.

21 **Q When was that?**

22 A After I read -- I don't remember the dates.  
23 Honestly. It's like, it takes me usually up to minimum  
24 of three to four days to clean out of my head what I have  
25 read so many times, and then, if -- I read, usually, when

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1 I want to get to sleep.

2 **Q Okay. And which phone did you use to call**  
3 **them?**

4 A Mine. 585.

5 BY MR. TENREIRO:

6 **Q On page 8 of this white paper, Exhibit 4,**  
7 **can you take a look, please?**

8 A Page 8. Yes.

9 **Q Do you see the title is, "The 101RECoin**  
10 **Trust"?**

11 A Yes.

12 **Q And then, the second sentence says, "RECoin**  
13 **is led by an experienced team of brokers, lawyers and**  
14 **developers and invested proceeds into global real estate**  
15 **based on the sound of strategies."**

16 **Do you see that?**

17 A Yes.

18 **Q Can you explain who the brokers, lawyers and**  
19 **developers are that --**

20 A Yeah. People who I hire who are  
21 professionals in this business.

22 **Q Okay. I thought you said you hadn't hired**  
23 **any of those.**

24 A I didn't. But, when I'm going to go, I'm  
25 going to mom and pop shop, not -- when this all in line.

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1 **Q Okay. So, at the time of this statement --**  
 2 **at the time that this white paper was on the website,**  
 3 **there were no --**

4 A No.

5 **Q -- team of brokers, lawyers or developers?**

6 A No.

7 **Q And --**

8 BY MS. SZCZEPANIK:

9 **Q And you had to wait for people to buy the**  
 10 **tokens before you could hire them?**

11 A Before -- yeah. It's not only because they  
 12 bought it. I was not buying yet a house. I was not  
 13 buying yet this -- paying somebody beforehand. And I  
 14 mean, that's a waste of money. That's one thing.

15 And the second, because I was -- the way --  
 16 like I said, stages, when I issued the first wallet, only  
 17 then I'm going to start buying.

18 Just because the problem, again, going back,  
 19 how can give you which program. How can we use your  
 20 money? Or how can they hedge it?

21 So, that's why -- when we decided to stop it  
 22 and start doing this, I was not afraid, because the money  
 23 was there. I mean, we didn't go -- it didn't go  
 24 anywhere.

25 **Q But, I'm saying, you had to wait until**

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1 **people purchased the tokens so that you could --**

2 A Buy the hedging part. Why would I hedge  
 3 something that there's not -- wasn't sold.

4 **Q It would also pay for the lawyers and the**  
 5 **brokers and the developers --**

6 A To buy the properties. Of course.

7 BY MR. TENREIRO:

8 **Q The next page, on page 9, it says, "RECoin**  
 9 **offers several guarantees to its users. RECoin's**  
 10 **activities are in full compliance and governed by United**  
 11 **States law."**

12 **Do you see that?**

13 A Yeah.

14 **Q And what is the basis of that?**

15 A I don't know -- see here, seeing if I break  
 16 any laws.

17 **Q Did you hire -- don't tell me about**  
 18 **conversations with lawyers. But, did you hire any**  
 19 **lawyers?**

20 A No, I did not.

21 **Q Okay.**

22 BY MS. SZCZEPANIK:

23 **Q Well, what was the basis for you saying that**  
 24 **there was -- you were in compliance --**

25 A I work in official company in the United

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1 States.

2 **Q So, it was your own belief that you were in**  
 3 **compliance with the law?**

4 A At that point, yes.

5 **Q And that's -- that's a belief that's based**  
 6 **on your knowledge and not a lawyer's --**

7 A Not a lawyer's. No.

8 THE REPORTER: If you can wait until -- just  
 9 give a little space between --

10 THE WITNESS: Sorry.

11 THE REPORTER: -- when they finish the  
 12 question and you give the answer so I can have a  
 13 clean record. Thank you.

14 THE WITNESS: Sorry. Bad habit. Usually --  
 15 usually I -- I'm the one that's doing all the  
 16 questions for everybody who works in --

17 BY MR. TENREIRO:

18 **Q Okay. Let me just ask you -- all right. We**  
 19 **can set that aside. And I'm going to ask you about a**  
 20 **couple of the documents that you gave us this morning.**  
 21 **Since I don't have copies --**

22 A This is your copy.

23 **Q I only have one copy.**

24 MR. TENREIRO: First I'm going to ask the  
 25 court reporter to mark this -- what's the next

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1 exhibit, 5?

2 THE REPORTER: 5. Yes.

3 **Q Okay. So, this is a four-page document and**  
 4 **I'm going to represent for the record that there's no**  
 5 **numbers at the bottom, because you put numbers on some of**  
 6 **them, but not on this one. That's okay?**

7 A No. I think --

8 **Q Well, let's mark it and then, if you don't**  
 9 **recognize it, we can talk about that.**

10 (SEC Exhibit No. 5 was marked for  
 11 identification.)

12 **Q Okay. So, this is a four-page document that**  
 13 **she marked as Exhibit 5. I'm going to hand it to you and**  
 14 **just let me know if you recognize it or not.**

15 A This is for -- I -- it was on top, right?

16 **Q I'm sorry?**

17 A It was on -- the one on the right, after the  
 18 questions?

19 **Q Yes, sir.**

20 A It's terms and conditions.

21 **Q Okay. So, this is the document you provided**  
 22 **me this morning, correct?**

23 A Yeah.

24 **Q Okay. Who prepared this document?**

25 A Internet, plus couple more people that we

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1 read -- it's regular terms and conditions on the site.

2 **Q What do you mean, the Internet prepared the**  
3 **document?**

4 A There's LegalZoom and so forth that was the  
5 start, then we read a couple other ones and that's what  
6 it was.

7 **Q Who's "we" in this answer?**

8 A Me and a couple of other people that sent me  
9 a whole bunch of information and we -- we done it for us.

10 **Q Who are the people?**

11 A Well, Alex did some of the work, she --  
12 Victoria did some of the work. He used to do a lot of  
13 this work.

14 **Q Alexandra?**

15 A Yes.

16 **Q There's an Alex and an Alexandra, that's**  
17 **why.**

18 A Driga. Last name Driga.

19 **Q D-R-I-G-A.**

20 A So, basically terms and conditions.

21 **Q What do you mean by "terms and conditions"?**

22 A On each site you always put terms and  
23 conditions.

24 **Q Um-hum.**

25 A That's why there terms and conditions on the

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1 site.

2 **Q So, the document, Exhibit 5, is the terms**  
3 **and conditions for what?**

4 A Of -- from the site.

5 **Q For RECoin?**

6 A Yes.

7 **Q Is that on the site?**

8 A Yeah.

9 **Q Those terms and conditions?**

10 A Yes.

11 **Q Where?**

12 **So, now -- I think you're looking at**  
13 **Exhibit 3 now.**

14 A It's 3. All the way on the bottom. You  
15 don't have it here. Terms and conditions.

16 **Q And so, if I click on "Terms and**  
17 **Conditions," that's what comes up?**

18 A Yeah.

19 **Q Gotcha. All right. Let's set that aside.**  
20 **When was this put up on the website?**

21 A Don't remember, but awhile ago. We don't --  
22 we didn't touch this for almost four weeks already.

23 **Q Okay. And what are -- what are the terms**  
24 **and conditions described for people?**

25 A To accept credit cards and so forth, the

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1 terms and conditions described what they can use it, what  
2 they are allowed, what's not allowed. It's like, every  
3 site has terms and conditions.

4 I would say on there also there, that's the  
5 first requirement for the credit cards. So, I remember,  
6 but I can check when we got our account frozen for  
7 Privacy Act. So, terms and conditions was, I think was  
8 earlier than that.

9 But, it was almost in the beginning. No.  
10 It was about a couple days late. I can check. I don't  
11 want to lie to you, but I'll check the dates by that file  
12 that we did update.

13 MR. TENREIRO: Okay. Now I'm going to ask  
14 the court reporter to mark a two-page document as  
15 Exhibit 6.

16 (SEC Exhibit No. 6 was marked for  
17 identification.)

18 THE WITNESS: It's good I'm in New York.

19 **Q Sorry?**

20 A It's actually good I'm in New York.

21 **Q Okay. So, here's the two-page document.**

22 **And I'll read for the record, there's a handwritten**  
23 **notation at the bottoms that says, "M21, M22." I think.**

24 A MZ.

25 **Q Okay. And so, it's your initials?**

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1 A Yeah.

2 **Q "MZ1, MZ2"? Okay. That's Exhibit 6.**

3 A It's MZ1 page and MZ2 page out of that box.

4 **Q Got it. Do you recognize the document?**

5 A Yes.

6 **Q What is it?**

7 A It's one of our press releases.

8 **Q And is that -- when you say "we," you mean**  
9 **RECoin press release?**

10 A Yes.

11 **Q Where was that?**

12 A Exact date, I don't remember. But,  
13 somewhere in the beginning I see -- oh, probably a  
14 couple, like, a week, two weeks.

15 **Q Where was that posted?**

16 A Google, I think it was -- I'll just send you  
17 a whole bunch of reports from press release sites if you  
18 want. I mean, you pay for it like Jet, you pay EIN with  
19 a press release, you pay Business Wire. You just pay  
20 them and they repost it everywhere.

21 **Q When was that released?**

22 A They'll have a date.

23 **Q Where did you print the document from?**

24 A From Google Drive. I got it because, after  
25 we talked to you and I read it, I asked as much as we



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1 have, and so I print out this. Because, if I would have  
2 start printing you all the releases, I don't know most of  
3 the words they posted, I can only show the ones that they  
4 actually report back to me.

5 **Q So, that's a Word document on Google Drive?**

6 A Yes.

7 **Q That you printed?**

8 A Yes.

9 **Q Okay. But, where is the actual release?**

10 A I don't get your question.

11 **Q Yeah. The actual release that was sent  
12 out to, you know --**

13 BY MS. SZCZEPANIK:

14 **Q Where was the release posted?**

15 A Either at EIN or Jet Press.

16 **Q And when was it posted?**

17 A I don't remember the exact date. But,  
18 I'll -- like I said, if you want I'll go into the EIN and  
19 just send you the dates. It's basically going to a  
20 PDF -- their PDF file, where they posted it. Do you want  
21 that?

22 **Q Can you give me the approximate date? Yes.**

23 A Fine. I have not. Because, I don't know.

24 **Q Was it after or before you closed the RECoin  
25 membership --**

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1 We didn't say this.

2 But, we did call it "token," just because we  
3 still continue to call it a token. How do you call  
4 something that's been used -- this word is sadly now,  
5 it's been used, also, for cryptocurrency. But, the way  
6 we were before, like, I don't know, dating sites used to  
7 have tokens used to buy a token to basically buy flowers  
8 for a girl, virtual flowers. It's also called token.

9 BY MS. SZCZEPANIK:

10 **Q But, that says 1.5 million tokens purchased.**

11 A Right. In dollars.

12 **Q Correct. Were those tokens purchased?**

13 A Well, my understanding is, he wouldn't give  
14 me the money if I wouldn't move the project.

15 **Q So, they weren't purchased yet?**

16 A Not yet. There was -- from my  
17 understanding, there was a willing to transfer after, so  
18 he would have had that. So, in my understanding it's  
19 his. Because, if I would have hit a certain amount, I  
20 would cut down the discount, because I count them as the  
21 money.

22 He just -- I didn't take that big of a sum,  
23 because I was afraid. The project was just starting.  
24 Yeah. He bought it in the old terms and I would have had  
25 the money.

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1 A Before. This looks way before. It looks  
2 somewhere in the beginning.

3 **Q Okay.**

4 A I don't remember the dates.

5 **Q Since I only have one copy, I have to look  
6 at it. But, you say at the beginning:**

7 "Right at the beginning of RICO on  
8 August 7th, it became quite apparent that RECoin, the  
9 first cryptocurrency hedge for real estate, is going to  
10 become a smashing success. In the first few days we've  
11 raised over 1.5 million in direct RECoin token  
12 purchases."

13 **Can you explain what that refers to, please?**

14 A That refers to 1.5 that we were supposed to  
15 get from one -- the person I told you.

16 **Q That -- okay. That refers to your investor  
17 in the Ukraine?**

18 A Yes.

19 **Q The direct RECoin token purchases?**

20 A It is a direct token purchase. It's not the  
21 tokens. The problem -- I understand what -- one, when I  
22 read what you send me, a subpoena, our understanding of  
23 token, it's -- we didn't tell them that they going to get  
24 the wallet. We don't say that they have the wallet yet.  
25 We didn't say they can exchange it the way they wanted.

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1 But, to take somebody's money, it's not that  
2 hard. But, actually doing it and afraid of not doing  
3 what you promised is my concern.

4 So, I didn't -- I could have taken the  
5 physical amount, because he knew I would return it. But,  
6 I didn't want to keep it.

7 I'm sorry. It's not a dollar, it's a  
8 million and a half. To keep a million and a half, is --  
9 whatever happens. It's a big amount. Especially, in my  
10 understanding, it's not my money, so I won't.

11 BY MR. TENREIRO:

12 **Q I think you said that during the time of  
13 the -- when you were working with the RECoin project --**

14 A Okay.

15 **Q -- I think you said that the salaries and  
16 all that was being paid by you, essentially?**

17 A Yes.

18 **Q Okay. How much money did you spend?**

19 A So far?

20 **Q Yeah.**

21 A More than half a mil.

22 **Q Half a million dollars? That included the  
23 travel that you've been incurring and all that?**

24 A I'm incurring, I don't know, like, roughly  
25 how much it is, spend on development on people.



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1 **Q Does include the salaries, for example?**

2 A Yeah. It's painful sometimes to calculate  
3 it, but, around half.

4 **Q The salaries -- what else does it include?**

5 A Software development for me and different --  
6 mostly software development and salaries, more than  
7 software development than salaries.

8 **Q Have you count --**

9 BY MS. SZCZEPANIK:

10 **Q I'm sorry. What software was developed?**

11 A First, the wallet and MLT Hub,  
12 professional --

13 **Q No. MLT Hub was a different business.**

14 A But, it's all one expense. We aren't  
15 talking about just this expense. I don't count it as a  
16 separate.

17 If you want to talk about RECoin, building  
18 expense, there is some people, not even all of it. We're  
19 not talking about a lot of them.

20 BY MR. TENREIRO:

21 **Q Well, why do you consider it all one**  
22 **expense?**

23 A Because it's my expense. Because, I'm  
24 paying it out of my pocket, so, how -- why would you  
25 write something from the left pocket to the right if I'm

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1 need to show the rest of the partners that it's a working  
2 concept. And the way to do it is to get -- either I go  
3 to you and ask, "Listen, we're new, but please, can you  
4 help us and let's work together," or show them, here.

5 **Q Who are the other partners you're talking**  
6 **about?**

7 A Anybody who I go to. I call it the old, old  
8 ecosystem. But, they all kind of -- it's ecosystem,  
9 somebody we work together with. It could be partners, it  
10 could be programs. It's just ecosystem.

11 It's basically -- like, Amazon has some --  
12 Amazon Prime has also some audio, so forth. And that's  
13 all called ecosystem in one word.

14 And then, so, that's why -- I'm sorry. I  
15 don't calculate what I spend. It's my money. I believe  
16 in this project. I believe in all of it.

17 I mean, I'm taking the risk more than  
18 anybody. I mean, it's almost a year and a half of my  
19 life flying, talking to people, and we still didn't screw  
20 up.

21 **Q So, half a million dollars, plus all the**  
22 **expenses on your own travel, which you're not counting**  
23 **there. So -- is that correct?**

24 A Yeah.

25 **Q So, if you had to add that, how much would**

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1 paying for it?

2 **Q Are those -- are those other entities going**  
3 **to have any sort of business relationship with DRC?**

4 A Of course.

5 **Q Okay. What kind of relationship is it going**  
6 **to be?**

7 A Partnership. They will be able to use it  
8 there, they'll be able to have bigger discounts, because  
9 I own the -- the beginning of the ecosystem, and then I  
10 can fix that. I can actually go after bigger guys and  
11 get bigger, just because I'll show them the full setup.  
12 Not just, here, what it is, here, we have this, this, and  
13 this.

14 It's -- for example, I understand that a  
15 hotel will need a separate manager.

16 **Q Okay.**

17 BY MS. SZCZEPANIK:

18 **Q So, you said right now you plan to use the**  
19 **money that you raised through your DRC Coin to help with**  
20 **these other businesses that are --**

21 A No. No. My money, I don't count it as  
22 separate. This is separate. One has nothing to do with  
23 the other one. As far as DRC goes, that's going to be  
24 for the club.

25 But, for the club to work and grow faster, I

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1 **you just approximate you've spent on this project?**

2 A Well, I usually -- I copy the amount.

3 **Q That's okay.**

4 A So, probably about another 50.

5 **Q Another 50,000?**

6 A Yeah.

7 **Q Okay. All right.**

8 A Again, if you count the living expenses that  
9 I -- I don't count it, like -- roughly about, let's say,  
10 half a million for everything, maybe 500 and change.

11 I -- honestly, at the end of the day, if  
12 I -- I borrowed from my family some money. I help enough  
13 people in my life, they just gave me some, if you want to  
14 count it all. But, overall it's about 500 and change.

15 **Q Have you -- since you've been working on**  
16 **these projects have you had any sources of income?**

17 A No.

18 **Q Okay. So, like, have you had a job that's**  
19 **paying you a salary or anything like that?**

20 A (Shaking head.)

21 **Q Okay. Let me --**

22 BY MS. SZCZEPANIK:

23 **Q Did you say no?**

24 A No.

25 MS. SZCZEPANIK: So, before we go on, I just

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1 have an extra page. Do you want to clarify for the  
 2 record that -- I think it started here.  
 3 MR. TENREIRO: So, this should have been the  
 4 first page.  
 5 MS. SZCZEPANIK: Yeah. That should have  
 6 been the first page.  
 7 MR. TENREIRO: Okay. I'm sorry.  
 8 BY MR. TENREIRO:  
 9 **Q So, Exhibit 5 is, in fact, a five-page**  
 10 **document. I didn't hand you the first one.**  
 11 A Yeah.  
 12 **Q So, let me -- let me give it to you again.**  
 13 **It's five pages.**  
 14 A Yes. Terms and conditions. You see, I  
 15 guessed it just by reading it, but that was --  
 16 MR. TENREIRO: Can we change that?  
 17 THE REPORTER: Yes.  
 18 MR. TENREIRO: Okay. Let me ask you to  
 19 mark 7, please.  
 20 (SEC Exhibit No. 7 was marked for  
 21 identification.)  
 22 MR. TENREIRO: And this will be a four-page  
 23 document.  
 24 **Q All right. I've asked the court reporter to**  
 25 **mark an Exhibit called MZ -- so, it's four pages,**

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1 **Exhibit 7, and at the bottom it says MZ25 through MZ28.**  
 2 **Let me know if you recognize the document.**  
 3 **And I will represent to you that it's one**  
 4 **of -- some of the papers you gave me this morning.**  
 5 A Yeah.  
 6 **Q What is it?**  
 7 A It's basically removing from one hedging to  
 8 another.  
 9 **Q But, what is the document?**  
 10 A My fellow (unintelligible) --  
 11 **Q Slowing down. Is it an e-mail, is it a --**  
 12 **what is it?**  
 13 A I think this was e-mail.  
 14 **Q Okay.**  
 15 A It was -- I think it was both. It's a press  
 16 release and e-mail, but it looks like e-mail.  
 17 **Q Okay. And where did you get that from? Was**  
 18 **that from the Google Drive?**  
 19 A That's what I was sent by Alex.  
 20 **Q Okay.**  
 21 A He does the e-mails.  
 22 **Q I don't see, like, a "To" or "From" or**  
 23 **"Subject" on that document, so I'm having trouble**  
 24 **understanding.**  
 25 A I understand. In my understanding it was

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1 not necessary, but, like I said, from Alex to me. He  
 2 sent me this because he was the one doing the e-mails.  
 3 **Q Okay. And so you're representing to me,**  
 4 **right now, that that document was e-mailed to other**  
 5 **people?**  
 6 A Yes.  
 7 **Q Who was it e-mailed to?**  
 8 A To everybody who was RECoin.  
 9 **Q When?**  
 10 A End of August, beginning of September. But,  
 11 to the end of August.  
 12 **Q Okay. So, let me just ask you. And on**  
 13 **page 26, so, the second page of the exhibit, there's a**  
 14 **Diamond Reserve Club logo --**  
 15 A Um-hum.  
 16 **Q -- is that correct?**  
 17 A Yes.  
 18 **Q Okay. And on page 4 of the exhibit, which**  
 19 **is MZ28, there's 101Lego?**  
 20 A Yes.  
 21 **Q That's the company you talked about earlier?**  
 22 A Yes.  
 23 **Q That's your company, correct?**  
 24 A Yes.  
 25 **Q All right. On the second page of the**

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1 **document, the one that's called MZ26 --**  
 2 A Um-hum.  
 3 **Q It says:**  
 4 **"On August 7th, RECoin went live, raising**  
 5 **over 1.5 million in direct RECoin token purchases during**  
 6 **the first three days of the presale."**  
 7 A Okay.  
 8 **Q "The trust in our project became so vast**  
 9 **that another 2.3 million in expected earnings were**  
 10 **generated as a result of the RECoin presale success."**  
 11 **Did I read that correctly?**  
 12 A Yes.  
 13 **Q What does that mean? Can you explain it?**  
 14 A Expected more investors.  
 15 **Q 2.3 million?**  
 16 A (Nodding.)  
 17 **Q And who were those?**  
 18 A From the same guy. He was supposed to come  
 19 in with the bigger investors, also.  
 20 **Q How much total?**  
 21 A In reality? We were supposed to get 10.  
 22 **Q 10 million from him?**  
 23 A Not from him. From him and his friends.  
 24 **Q Okay. So --**  
 25 A But, at that point -- this is a copy of the

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1 previous press release. This copied and pasted it. My,  
 2 I guess, fault that we didn't change this at that point  
 3 already. But, it's just -- because it was in previous  
 4 press release, that's how it was written, we just copied  
 5 and pasted it. You should have seen other ones, like the  
 6 ones all the way, like, first week of -- second week.

7 **Q Is this statement accurate?**

8 A No, it's not.

9 **Q Okay.**

10 A At this point, no.

11 **Q Was this statement accurate when it was**  
 12 **sent?**

13 A When it was sent to this, no, it was not a  
 14 hundred percent accurate.

15 **Q Why not?**

16 A Because, at that point we didn't have those  
 17 investors anymore. And they copied that from a different  
 18 press release and I didn't see that one.

19 **Q Okay.**

20 A But, at that point already, we were -- to  
 21 the bigger clients we already sent even before, like, the  
 22 biggest -- even I talked to -- I can send you a couple  
 23 names for the biggest who bought RECoin, actual person I  
 24 called and explained that, we're moving, if you want to  
 25 stay with us; if not, that's it. You can ask for refund.

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1 One guy got \$5,000 in credit card refund.  
 2 That's the biggest one. Usually it was the little guys.

3 **Q The next paragraph, sir, says:**

4 "Unfortunately, at that point the U.S.  
 5 government did what it does best, interfere. In no  
 6 uncertain terms it let us know that we're not allowed to  
 7 take steps to maintain the level of liquidity of our real  
 8 estate holdings to keep your investment safe and secure.  
 9 And our community truly decentralized and rid of any  
 10 outside influence."

11 **Did I read that correctly?**

12 A Yes, you did.

13 **Q What is that?**

14 A Fuck-up.

15 **Q I'm sorry?**

16 A I didn't write all of that. But, the person  
 17 who wrote this, this and this, he screwed it up. And --

18 **Q Did anyone in the U.S. government let you**  
 19 **know in --**

20 A No.

21 **Q So, that's not true?**

22 A No.

23 **Q Okay.**

24 A It was -- actually, we suffered more of a  
 25 loss because of that. Just because of --

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1 **Q Because of what? I'm sorry.**

2 A Because, we were changing the hedging and  
 3 the way he wrote it, it's basically stating that we made  
 4 the mistake as far as legal-wise. When we didn't make a  
 5 mistake. We were afraid for hedging part.

6 And I saw this when it was already sent.

7 And sent it to say, "I'm sorry, we wrote it incorrectly."

8 It doesn't work like that when you send it out.

9 **Q Did you send something later --**

10 A No. No. It was -- there was no point to  
 11 it.

12 **Q Did you send --**

13 A No.

14 **Q Let me finish the question.**

15 A I did not.

16 **Q Did you send something to people later**  
 17 **saying, "We wrote this incorrectly," referring to**  
 18 **Exhibit 7?**

19 A I did not.

20 **Q Okay. Why not?**

21 A Because, I don't understand what to tell  
 22 them, that I have a guy who basically screwed up? It  
 23 sounds worse than it is already.

24 **Q Okay.**

25 A That's why we lost roughly 90 percent of

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1 everybody, just because of that -- what he wrote.

2 **Q Continuing on with Exhibit 7, is this one of**  
 3 **the -- I'll just continue reading from the second page,**  
 4 **which is MZ26:**

5 "However, the good news, my fellow RECoin  
 6 holders and investors, is that we're not going to let  
 7 your tremendous faith in our collective" --  
 8 "tremendous" -- I'm sorry.

9 "We're not going to let your tremendous  
 10 faith in our collective project, its strategical and  
 11 tactical objectives go to waste. We all want to make a  
 12 world" -- et cetera.

13 **Do you see that?**

14 A Yes.

15 **Q Okay. Is this -- what is that about? What**  
 16 **is it this about?**

17 A He is artistic person, so he tried to make  
 18 nice of something.

19 **Q Let me ask a clearer question.**

20 A Okay.

21 **Q Is it -- is this document at least one of**  
 22 **the communications sent to people about converting from**  
 23 **the RECoin to --**

24 A This was e-mailed to everybody who owned the  
 25 RECoin.

Page 154

1 Q Who what?

2 A Who owned the RECoin.

3 Q So, anyone who owned the RECoin received

4 this document?

5 A This document.

6 Q And is it fair to say that one of the -- one

7 of the things that this document talks about is the

8 opportunity to --

9 A To convert.

10 Q -- to convert?

11 A Yes.

12 Q Or at least to stay?

13 A To stay. Convert.

14 Q Okay. On the third page of the document,

15 where it says "MZ27" --

16 A Um-hum.

17 Q -- the middle says:

18 "The club membership remained" -- I'm sorry.

19 "The club members" -- I'm reading backwards.

20 "The club members remained entitled to all

21 the opportunities and benefits they were promised at the

22 time of joining the RECoin community."

23 A Okay. Yes.

24 Q Is this true?

25 A Yeah.

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1 Q Okay. So, does this include all of the

2 benefits of the RECoin coin?

3 A Except real estate hedging.

4 Q So, except for real estate hedging and

5 diamond hedging?

6 A Yes.

7 MR. TENREIRO: Okay. Let's go off the

8 record and take a break.

9 (Whereupon, a recess was taken.)

10 BY MR. TENREIRO:

11 Q Mr. Zaslavskiy, when we were off the record

12 did we discuss this case -- did you discuss this case

13 with the staff of the SEC?

14 A The case, no. Just the whole concept of

15 what's going on with the world as far as ICO and so

16 forth. Yes.

17 Q Okay. And just for the record, I'll state

18 that we stated we couldn't comment on that.

19 A Yeah -- I -- yeah.

20 Q Okay. I have a couple of questions and

21 hopefully we'll be done soon.

22 MR. TENREIRO: I'm actually going to ask the

23 court reporter to mark Exhibit 8, please.

24 (SEC Exhibit No. 8 was marked for

25 identification.)

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1 Q And 8, there's no "MZ" on it, but it goes

2 from 65 to 89. If you'll just take a look at it and let

3 me know --

4 A It's the white paper, last white paper.

5 Yeah.

6 Q What is it?

7 A The last white paper.

8 Q For RECoin?

9 A Yes.

10 Q And when was that put on the website?

11 A Probably about a week and a half, two weeks

12 after.

13 Q After what?

14 A After the start.

15 Q Okay.

16 A So, about a week and a half, roughly.

17 Q After August 7th?

18 A Definitely.

19 Q Okay. Okay. Thank you.

20 A There is a letter that we did update, a

21 press release.

22 Q Okay. Can I ask you how many times you've

23 been to the Ukraine in the last year?

24 A Last year, twice. Last time, three months,

25 two and half, almost three months.

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1 Q Twice in the last year?

2 A Yes.

3 Q Okay. Any other travel abroad in the last

4 year?

5 A I was in Russia. That's about it.

6 Q How many times?

7 A Altogether, I think three or four times.

8 Q Three or four times in Russia?

9 A No. Altogether.

10 Q Okay. Altogether with the Ukraine, you

11 mean?

12 A Yeah. Ukraine, I went to Paris -- I do

13 travel a lot. It's just -- I can check my dates. Right

14 now, in the last nine years, I spent about 30, 40 percent

15 somewhere else.

16 Q Okay.

17 BY MS. SZCZEPANIK:

18 Q And how many times did you meet the

19 Ukrainian banker face to face over the businesses that

20 we're talking about here?

21 A About the business? I talked to him, it was

22 before I started, because I see him and I

23 (unintelligible).

24 Q And when did you first start talking to him

25 about these ideas?

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1 A In the synagogue.

2 **Q When?**

3 A Ah. About six months ago.

4 **Q Okay. And then, since that time how many**  
5 **times have you met him in person?**

6 A I see him almost every time I go to the  
7 synagogue. I'm not that religious, but I try to go in  
8 the morning, because -- he's more religious. He goes in  
9 the morning.

10 **Q So, when you're in Ukraine --**

11 A In Ukraine, usually from in Odessa or  
12 Kiev -- I mean, he lives more in Odessa than Kiev. But,  
13 he comes there a lot, so I see him. That's it. Try the  
14 project.

15 It's one of the reasons why I think  
16 everybody likes the project in other countries, because  
17 what's going on in other countries. Nobody -- I mean, if  
18 you take old -- so, the new countries, there is a bank  
19 that says thank you for, maybe, giving your money, and  
20 the bank closed.

21 **Q Other than an in-person meeting, did you**  
22 **ever communicate with him by e-mail or by letter or by**  
23 **written communication?**

24 A No. Those guys -- we're talking about older  
25 generation. No e-mails. And they respect more if you

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1 talk to them -- like, there is no English, there's only  
2 you. They like (unintelligible), which is like -- I  
3 don't know how to explain it. It's like in  
4 (unintelligible) faith, that when you're older it's more  
5 respectful there.

6 That's -- and they like a phone call or they  
7 like personal attention. And when you go after that kind  
8 of investor you do personal attention, I mean.

9 **Q Did the Ukrainian banker ever give you any**  
10 **money?**

11 A I didn't take the money. He offered, he  
12 said he can transfer it tomorrow, I said until I'm, you  
13 know, set up and ready with the tokens, I don't need it.

14 **Q For any project before that did he give you**  
15 **any money?**

16 A Oh, no.

17 **Q How about any of his friends? Did they ever**  
18 **give you any money for any project?**

19 A No. We have common friend who I have  
20 business about seven years ago who introduced me a long  
21 time ago. I had a business which was, we were building  
22 food trucks in Ukraine for the community. He was my  
23 partner of this.

24 **Q And did any of the funding that you received**  
25 **for your charities go into any of your businesses?**

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1 A No. My charities mostly not money  
2 contribution, it's humanitarian aid. I put a lot out of  
3 my pocket into it. If you check, you'll see, when  
4 there's not enough I take out and put my own.

5 It's mostly, like, we gather clothes, food  
6 somewhere and give it out. We send a container of  
7 clothes, hygiene from the United States. There is no  
8 money into it as far as that.

9 It's just, there was a point in life where  
10 money was everything and I did mistakes and now I'm a  
11 strong believer that I have to do certain things back.  
12 It's, I guess, karma.

13 **Q Have you ever filed for bankruptcy?**

14 A Yes.

15 **Q When was that?**

16 A Three years ago.

17 **Q And what is the status of that proceeding?**

18 A It's done. I had a bankruptcy three years  
19 ago.

20 **Q And what was the outcome?**

21 A I got the bankruptcy.

22 **Q Was there a payment plan to creditors?**

23 A I got a bankruptcy.

24 **Q Was there a payment plan to creditors?**

25 A No, no. It's at zero.

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1 BY MS. SZCZEPANIK:

2 **Q So, your -- your debts were extinguished?**

3 A Yes. My debt was about seven or eight  
4 years old before I went to bankruptcy. Nine.

5 **Q So, how much was the total amount of the**  
6 **debt?**

7 A About 200 and change.

8 **Q \$200,000?**

9 A Yes.

10 **Q Okay. And that was extinguished?**

11 A Yes.

12 **Q So, you didn't have \$200,000 to pay for --**

13 A At that point, no.

14 **Q Okay. Got it. Okay. And just so that I --**  
15 **make sure that I understand it for the DRC project, if**  
16 **that's the right word. The DRC project that's going on,**  
17 **what is your intention of what you're going do with the**  
18 **proceeds from the purchases of those --**

19 A The proceeds up to 70 percent -- 70, but I  
20 write up to -- I want to make sure we understand. When I  
21 say up to 70, it's for hedging only. It's in case of you  
22 come in and says you want it back. In case of whatever,  
23 world War III or destruction, I don't care, the bubble  
24 pop --

25 BY MS. SZCZEPANIK:

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1 **Q 70 percent you're going to buy diamonds?**

2 A Yeah. 70 percent. But, when I say on paper  
3 "up to 70 percent hedging" to people, that means if they  
4 come tomorrow and it costs more, for example, for some  
5 reason it went up in price, the token. That's why I call  
6 it "up to 70." You understand what I mean?

7 **Q Up to 70 percent. So, if I buy a dollar --**

8 A If you --

9 **Q -- up to 70 -- let me finish. If I buy a  
10 dollar, up to 70 cents are hedged in diamonds?**

11 A Yes. But, that's not what we write. And  
12 that's why I want to make sure you understand.

13 When I say it's hedged up to 70 percent, the  
14 reason why we call it "up to" -- for example,  
15 by whatever, bad case scenario, token flies from a dollar  
16 to 2, that's why we write "up to" hedging 70 percent.

17 As far as I'm buying diamonds, it's the  
18 70 percent. Do you understand the difference?

19 MS. SZCZEPANIK: No.

20 **Q No.**

21 A Okay. There is two scenarios. One, I get a  
22 million numbers and I buy it for 400,000 in diamonds.  
23 What happens in two years? The token might cost more  
24 than what's hedged, that's why we write "up to 70  
25 percent." You understand what I'm saying?

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1 **Q So, the token costs \$2 tomorrow, I'm still  
2 only hedged 70 cents?**

3 A No, you're not, but, because tokens continue  
4 to sell and then goes more and more up, it equals out.  
5 You understand?

6 **Q No.**

7 A Can I have a paper and I'll try to explain  
8 it?

9 MS. SZCZEPANIK: Yes. If you write  
10 something down on paper --

11 **Q We can mark it?**

12 A I understand. But, you can explain it and  
13 I'll --

14 MR. TENREIRO: Do you have any?

15 MS. SZCZEPANIK: I'll get one.

16 THE WITNESS: Because, that's why the  
17 wording is a little bit different in case of --  
18 instead of what happens to the money itself.

19 **Q You said that's not what you write?**

20 A No. That's what we -- for people that we  
21 sell it, we say it's hedged up to 70 percent.

22 **Q Uh-huh.**

23 A You ask how we cannot spend the money. It's  
24 two different scenarios.

25 **Q Okay.**

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1 A Because, when we say "hedged up to  
2 70 percent," the reason --

3 **Q Okay. Well, here's a blank piece of paper  
4 and here's a pen.**

5 A Sorry. I have two different scenarios.

6 What you're asking, it's spending, right? So, 70 percent  
7 will go into diamonds, then advertising expenses, two  
8 percent goes into charities and the rest is expenses.

9 Basically advertising --

10 BY MS. SZCZEPANIK:

11 **Q Expenses of the business.**

12 A Of the DRC Coin itself.

13 **Q Yes.**

14 BY MR. TENREIRO:

15 **Q That's 28 percent.**

16 A Yeah. 28 percent. That, for example, some  
17 discount clubs, they will not -- they want me to pay  
18 85 cents for their service per person. That's always  
19 going to go into this.

20 **Q Does that 28 percent -- so, 28 percent to  
21 grow the business?**

22 A The expense. It's -- usually it's expenses.  
23 It's not expense as far as buying a yacht, it's more of  
24 an expense to -- to help it grow. Yes.

25 BY MS. SZCZEPANIK:

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1 **Q To help to grow the DRC business?**

2 A To grow DRC. DRC is DRC. Right. But, when  
3 we say it for, like, buyers of the membership, we say "up  
4 to 70 percent." Up to. The reason why, because, if we  
5 do what we're supposed to do -- the mining part that you  
6 said. So, the numbers will continue selling --

7 BY MR. TENREIRO:

8 **Q Um-hum.**

9 A -- up and up and up. Right?

10 So, today you bought it for, let's say, a  
11 dollar, tomorrow you bought it for two. 70 percent still  
12 goes into diamond.

13 **Q Um-hum.**

14 A But, when I say to you it's up to  
15 70 percent, what it means is that, in case of emergency,  
16 up to 70 percent is covered. Because, today, basically,  
17 the 70 percent will come out as a sum of amount of sold  
18 compared to what's inside, as far as diamonds. You  
19 understand? That's why we call it -- we write on the  
20 site "up to."

21 **Q That's what I asked earlier. If I buy -- if  
22 I buy a token at a dollar --**

23 A Right.

24 **Q -- you're going to take 70 cents and buy  
25 diamonds?**



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1 A Right.  
 2 Q And you're going to take 32 cents and you're  
 3 going to put it to charity?  
 4 A Okay.  
 5 Q Is that correct?  
 6 A Yes.  
 7 MS. SZCZEPANIK: Two cents.  
 8 THE WITNESS: Two cents.  
 9 Q And you're going to take 28 cents and you're  
 10 going to do the expense.  
 11 A Yes.  
 12 Q Okay. And then, nothing else happens,  
 13 tomorrow the token is worth \$2?  
 14 A Right.  
 15 Q So, up to 70 percent of \$2 is backed?  
 16 A Up to 70 percent. Because, when we sell one  
 17 token we continue selling it. That's why the mining is  
 18 up to 30 years.  
 19 Q So, it can be less than 70 percent?  
 20 A Yes. Just because of this equals out at the  
 21 end, but it still might be lower.  
 22 Q So, in my example only 70 cents is backed by  
 23 diamonds.  
 24 A In your example, if we didn't sell  
 25 anything --

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1 Q Nothing else happens.  
 2 A Nothing. If you're the only member and we  
 3 just sold you, yes. But, then it's not going to go up to  
 4 \$2.  
 5 Q And let's just assume it goes up to \$2.  
 6 That's what you mean by "up to 70 percent," correct?  
 7 A Right. And that's why.  
 8 Q That's all.  
 9 A That's why. But, it's a little bit more  
 10 mathematical, just because it continues selling and the  
 11 mining -- that's why the mining is for 30 years. And  
 12 what the club really makes money on at the end of the day  
 13 is on the service, on commission.  
 14 When everybody start using it, then that's  
 15 where we and our sponsor of the club will continue,  
 16 continue and continue. That's how the club is making its  
 17 money. You understand?  
 18 Q Let me try to unpack that a little bit. So,  
 19 I bought a membership, I bought a token or \$1 membership.  
 20 A Okay.  
 21 Q Now I have access to certain discounts from,  
 22 let's say, Delta or Access.  
 23 A Okay.  
 24 Q So, I go and buy a ticket on Delta for \$500.  
 25 I still have to buy \$500, right?

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1 A Um-hum.  
 2 Q And where is the commission that the club  
 3 gets there? Where is the commission?  
 4 A Two ways. From affiliate programs --  
 5 MS. SZCZEPANIK: I'm sorry. What?  
 6 THE WITNESS: Affiliate programs. And the  
 7 second one is from commission. When the people --  
 8 okay -- let me maybe go back --  
 9 Q Let's stick to my example.  
 10 A I am sticking to your example, I'm asking  
 11 you separate questions that has to do with -- it will --  
 12 I'll explain how to -- easier to explain to you.  
 13 What do you know for (unintelligible) and so  
 14 forth. You know, traders, they basically pay some  
 15 commission to miners or whatever it is, right? Okay.  
 16 So, if you read white paper and so forth, it  
 17 says that a certain percentage goes into the club from  
 18 that commission.  
 19 So, basically, the commission is 1 percent  
 20 and we keep for the club 1.5 or 15 or whatever. That's  
 21 how the club makes enough money to go further, further  
 22 and further.  
 23 Q Okay. So, if I buy \$1 worth of the coin --  
 24 if I buy \$1 worth of the coin and then tomorrow I manage  
 25 to sell it to her for \$2 --

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1 A Okay.  
 2 Q -- there's a commission there that the club  
 3 gets?  
 4 A Miners get the commission, we take a little  
 5 piece of it.  
 6 Q Miners get the commission and the club gets  
 7 a part of that commission?  
 8 A And the miners give us a percent of their  
 9 commission, basically.  
 10 Q And the miner is who, in this scenario?  
 11 A Everybody.  
 12 Q So, me?  
 13 A No. You're not a miner. You bought a  
 14 token. Miners are miners. Miners are the computer guys  
 15 who sit --  
 16 BY MS. SZCZEPANIK:  
 17 Q So, what's the blockchain at the --  
 18 A Right.  
 19 Q So, these are going to the participants in  
 20 the blockchain, validating transactions?  
 21 A Yes.  
 22 Q Okay. So, who are those participants?  
 23 A Whoever wants to be.  
 24 Q You haven't set up the blockchain yet?  
 25 A No. That's the next stage. That's why the

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1 mines are going to be available in the --

2 **Q And what's the validation method? Is it**  
3 **proof of work, proof of --**

4 A Proof of work.

5 **Q Proof of work. And then, what is the**  
6 **commission structure for the miners?**

7 A I don't remember the numbers. 85/15 we  
8 keep.

9 **Q So, the club keeps 15?**

10 A The club doesn't keep 15. Out of those  
11 15, half of it goes to charities.

12 **Q Okay. So --**

13 BY MR. TENREIRO:

14 **Q The club directs 15 cents?**

15 A No. It's all computerized. It's not --  
16 it's basically, the program knows, 85 percent goes to the  
17 miners, 15 percent -- let's say 7 and a half goes to --  
18 7 percent goes to charities, half a percent goes directly  
19 to me and the rest goes to the club to go further and  
20 further. It does it all automatically, so it doesn't,  
21 like, go, for example, to one entity and then divides.

22 **Q Directly to you, Max?**

23 A 0.5. That's how I make my money.

24 **Q And -- but, the computer program was**  
25 **programmed by somebody.**

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1 A After we release it, that's it.

2 **Q I understand. But, who -- you know, someone**  
3 **put in those parameters of 85 --**

4 A It's in the white paper, different  
5 parameters. But, after he releases it, it's not us. So,  
6 we cannot take it back. And same problem going back to  
7 the credit cards.

8 **Q I understand.**

9 A But, it goes automatically for the charges  
10 will go to separate -- it's 7 percent. 1 percent goes to  
11 big charities like (unintelligible) software, the rest  
12 will give us enough association to give to that region.  
13 And basically, because --

14 BY MS. SZCZEPANIK:

15 **Q Let me understand this 70 percent, too. If**  
16 **I go on a token --**

17 A Uh-huh.

18 **Q -- and I want to sell it back to you, you'll**  
19 **buy it back for 70 percent?**

20 A Yes. But, I'm not going to buy it unless --  
21 you're not going to sell it to me unless there's some  
22 emergency.

23 **Q What does that mean?**

24 A I'm sure there is a person who's gonna buy  
25 it for 100 percent. Why would you come me to and sell me

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1 for 70 percent?

2 **Q Okay. Who is that person?**

3 A I don't know. Another user, another --  
4 whatever.

5 **Q And where is that going to take place?**

6 A Don't know. It's -- it's Internet. I mean,  
7 I can basically, for example, as far as I understand, the  
8 IRS is supposed to get more of that information. I can  
9 say the wallet number, if he actually does it as a  
10 membership. If he has a wallet without a membership  
11 connected to it, I cannot say who owns it more.

12 **Q Where -- where is the secondary trading**  
13 **going to happen?**

14 A Hopefully an exchange will pick it up and so  
15 forth, but at this point I don't know.

16 **Q Which exchanges?**

17 A There's enough of them. Don't know.

18 **Q Have you talked to any exchanges?**

19 A We're not -- I read their requirements,  
20 we're not good enough to go there yet.

21 **Q Okay. Have you communicated with any of the**  
22 **exchanges?**

23 A Awhile ago, when I just started, I wrote to  
24 a couple of them. They were very rude and obnoxious and  
25 read the site, instructions on the site. But, they need

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1 liquidity, they need a wallet that's number 7. But,  
2 like, we get to use the wallets and that's why we can't  
3 get to exchanges yet.

4 Coinbase is one of them, because it's the  
5 biggest, even though it has a lot of problems if you read  
6 on Internet, a lot of customers aren't happy about it.  
7 Because of the frozen money and Coinbase doesn't give  
8 them time. But, so far it's the biggest in the in the  
9 United States.

10 So, as far as information goes, I can  
11 provide you members, but, at some point, but, all of them  
12 still my members. You understand? It kind of works both  
13 ways.

14 **Q But, at a certain point is it your plan to**  
15 **get these things listed on one of the exchanges so that**  
16 **there is --**

17 A Hopefully, in due time, yes.

18 **Q Okay.**

19 A But, all the stages. Some exchanges, from  
20 what I read so far, give them money, they'll lose it.  
21 But, why would I give them money for something that's --  
22 basically they're not going to be able to do properly,  
23 anyway.

24 **Q What do you mean by that?**

25 A Exchanges work only if there's liquidity.

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1 Like, for example, take -- the same problem, tie that to  
2 real estate, not enough liquidity. And if I give you  
3 \$5,000, you waste it, but there's no liquidity, I just  
4 wasted \$5,000 and it looks not good, anyway.

5 **Q Okay. So --**

6 A I'm not trying to --

7 **Q When there's enough tokens out there, your  
8 plan is to go to the exchange --**

9 A Yes.

10 **Q -- to get it listed so you can get liquidity  
11 in a secondary market; is that correct?**

12 A Correct. But, all the steps are like same  
13 thing. I do want to get transmitter license.

14 **Q From who are you getting it?**

15 A I want to start in Puerto Rico and go to  
16 each state. But, all of it takes step.

17 **Q And this is for which business?**

18 A DRC.

19 **Q So, you want to get money transmission  
20 business license?**

21 A Well, what I really -- at the end of the  
22 day, that's what it's going to come up to. And like I  
23 said, I do read. It's going to be one of those  
24 requirements anyway, so, why wait when, you know -- if I  
25 already understand, that's probably what that is.

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1 Because, even though I'm not exactly like  
2 everybody else and sometimes I call the bank. And to  
3 prove that I'm different, it takes three days of e-mails.  
4 And they still don't get it after I get with them on the  
5 phone. Just because, they ready for big conners and  
6 their mind, that's it.

7 Yeah. We're building a new product. We are  
8 having problems, like anything else. We are not --  
9 that's why I'm afraid to take the investor's money,  
10 that's why I'm afraid to take --

11 I did a lot of business in my life, even  
12 though I'm only 38, but this is third time I'm on getting  
13 on my feet. Let's call it like that.

14 I lost -- first time I lost most of money  
15 and it was when I was about 20, and then close to 30 and  
16 change, here I owed more money than anything.

17 And that was the problem. I was fighting  
18 before going to bankruptcy. I was trying to fight it  
19 and, you know, get on the feet to basically -- but, when  
20 you start every morning from giving what you owe, it's  
21 kind of tough.

22 I have enough people who believe in me,  
23 because, in all my life I could probably say I didn't  
24 screw anybody over, in the full sense of that word.

25 And in reading certain things, I understand

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1 that the progress goes into that. It's same thing -- I  
2 mean, I have my own point of views and sometimes it  
3 doesn't agree with a lot of people, as far as --

4 Like, I'm in, also, in the community of  
5 cryptocurrency and so forth, right? So, I talk to  
6 people. And if I tell them what they're doing is  
7 impossible and they tell me I don't know squat about it,  
8 it's my opinion at the end of the day.

9 **Q Okay. I just want to understand the  
10 circumstances that would have to occur for you to buy  
11 back tokens at 70 percent. Can you describe those for --**

12 A Worst case scenario, a war. Anything. The  
13 war is not only here, try to understand. The bubble  
14 blowing up. That's one of the biggest --

15 **Q So, if the business begins to fail --**

16 A It's because of the business might fail.  
17 But, more I am afraid very much of the bubble, it's gonna  
18 have these ICOs, and I believe it's coming. Because,  
19 it's like, it's crazy what's going on.

20 And because of that, I was afraid that real  
21 estate would not cut it at that point. Because, you have  
22 enough people coming in -- if I thought it was at first  
23 I'm not going to hit the 70 percent mark, even close.  
24 And the biggest problem is, if that's gonna tie up a lot  
25 of finances worldwide, we're going to fall first.

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1 So, in that bad of economy, remember 2008  
2 and so forth, are you going to sell your house really  
3 fast? It's impossible.

4 **Q Have you located any sources of diamonds?**

5 A I've been around those people for -- since I  
6 grew up. Like I said, I have a lot of that. I know  
7 where to get them.

8 But, what I already know, because I talk to  
9 my cousins, I talk to a couple other people, the more  
10 money you have, to a different level of people you're  
11 going to talk to.

12 For example, De Beers, I can get minus  
13 20 percent per sale. If you go in with 100k, you can get  
14 minus 30. If you go with a million, you can get as low  
15 as a minus 70 percent of De Beers market. But, I'm not  
16 sure I'll ever get to that amount. You need to buy,  
17 like, a hundred million dollars.

18 **Q Okay. So, the more you raise in the coin --**

19 A The more I can buy it cheaper, then I'll  
20 have more hedge.

21 That's why I didn't -- like, what I'm  
22 trying to figure out now, as far as where to hold it.  
23 Because, safe deposit box doesn't take all my --

24 MR. TENREIRO: Okay. Let's mark the paper  
25 that you wrote on as Exhibit 9.

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1 (SEC Exhibit No. 9 was marked for  
2 identification.)

3 **Q All right. So, I'm just showing you**  
4 **Exhibit 9. Oh. Finish, if you have any more --**

5 A And the only safest way so far I have as  
6 idea, it's a small office with a safe, like in diamond,  
7 Beverly Hills, just to keep, like, small office and safe  
8 and short.

9 Because, safe deposit, like I said, I  
10 thought there is some, like, holding places for stuff  
11 like this; apparently, in the United States there is  
12 zero. In Europe there's a lot of them, for jewelry, for  
13 storms for -- I don't know why nobody cares in the United  
14 States or whatever that is the problem.

15 So, that's the biggest problem. I'm trying  
16 to figure this out with insurance, because that's also  
17 cost, and if it's going to be Los Angeles or New York. I  
18 like Puerto Rico. It's a nice tax deduction and so  
19 forth, but, no, I'm not going to hold diamonds there.

20 **Q Okay. Do the members of your team have**  
21 **e-mail addresses?**

22 A Members of my teams?

23 **Q Like Alex?**

24 A Alex have at [REDACTED]. The rest  
25 of them, no.

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1 **Q So, he's the only one?**

2 A Yeah. They have their personal e-mails.  
3 Depends on what I need from them. Usually I go through  
4 him anyway, just because, as soon as my ass -- I'm sorry  
5 to say -- leaves that office, the papers drop and the  
6 work in progress drops.

7 **Q And if I want to send you any documents over**  
8 **the next 10 days, you said --**

9 A [REDACTED]. And I'm here for the  
10 next 10 days.

11 **Q [REDACTED]?**

12 A In Brooklyn. Right. I'm going to be at my  
13 parent's house for the next holiday. But, after that, if  
14 you want to start a subpoena for DRC -- can I have it  
15 right now? So, can you go write this up for next week, a  
16 date?

17 MS. SZCZEPANIK: Well, if we have to send it  
18 to you after you leave your parents' house, where  
19 are you going to be?

20 THE WITNESS: Probably Ukraine.

21 **Q For how long?**

22 A For about -- I'm flying for about a month to  
23 two.

24 **Q Okay.**

25 A That's why I'm trying to figure out your

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1 schedule, so I can schedule my stuff. Because, it's also  
2 the end of the year, so we're going to have, like, a  
3 whole bunch more charity stuff.

4 **Q But, in the next 10 days you said**  
5 **Brooklyn --**

6 A Seven. Seven and a half. If you tell me  
7 more, please tell me, like, next couple days. So, this  
8 way I'm not going to buy the ticket and this way we're  
9 not going to have a problem as far as I'm there.

10 **Q I gotcha. If I send something tonight to**  
11 **Brooklyn, it's fine?**

12 A That's fine.

13 **Q Okay. And the next seven days and we can**  
14 **talk.**

15 A Yes. Probably seven days.

16 BY MR. TENREIRO:

17 **Q And the [REDACTED] is your parents'**  
18 **house?**

19 A Yes.

20 **Q But, that's where you live when you're here**  
21 **in New York?**

22 A Yes. It's a private house.

23 BY MR. TENREIRO:

24 **Q Is there an apartment number or --**

25 A It's a private house.

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1 **Q Just that. Okay.**

2 **All right. Okay. I think we're done for**  
3 **today. Thank you for coming in. If we have more**  
4 **questions, we'll obviously contact you. And we will.**

5 **I do want to put on the record that -- and**  
6 **I'm happy to send another subpoena, but we -- the**  
7 **subpoena that we sent you for documents calls for e-mails**  
8 **with potential or actual purchasers.**

9 **I understand that you call them tokens or**  
10 **coins -- you don't want to call them tokens or coins, but**  
11 **it is our position that your communications with the**  
12 **people who purchase your membership interest are covered.**

13 **But, if you want to, you know, play that**  
14 **game, I'll send you another subpoena.**

15 A It's not a point of a game. It's the point,  
16 when I went to law school here, and I did went to law  
17 school here, each word matters. That's what you've been  
18 taught in any law school.

19 BY MS. SZCZEPANIK:

20 **Q But, you call them tokens on your marketing**  
21 **materials.**

22 A Yeah. But, it says here, assets. And so,  
23 it's not assets yet. As far as what you wrote here, and  
24 that's what I see here on the Internet, that's already  
25 cryptocurrency. And it's not yet. It's not like I'm

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1 being picky.

2 BY MR. TENREIRO:

3 **Q No, no. I get it.**

4 A It's like sending -- I never told you to  
5 send me e-mail, as far as official, but I can, because  
6 I'm anyway here and I don't have a problem with that.  
7 Even though you wrote it, I said it's okay.

8 But, this kind of wording, I -- you know?

9 **Q You understand every word matters. I**  
10 **gotcha.**

11 A That's it.

12 MR. TENREIRO: We're off the record.

13 THE WITNESS: Before we go off the record --

14 THE REPORTER: Hold on. Wait, wait, wait.

15 THE WITNESS: You want me to send you dates  
16 when they release the PDF from press release  
17 engines? So, you want the dates of the releases?

18 MR. TENREIRO: The date of the releases and  
19 the actual releases as --

20 THE WITNESS: Well, I'll just send the PDF.  
21 Mine's gonna be directly from their -- basically,  
22 they say, we released so far and that's what we  
23 released.

24 MR. TENREIRO: Well, are the releases on the  
25 Internet?

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1 THE WITNESS: Yeah. Of course.

2 MR. TENREIRO: Okay. Well, can you send me  
3 that?

4 THE WITNESS: You want me to look through  
5 each one? I don't know each one. All of them.  
6 Let me send you the PDF and you tell me if it's  
7 good or not.

8 The way they do it, you pay, for example, a  
9 company \$300, they send to every 10, 20,  
10 50,000 different media. Someone prints it, someone  
11 doesn't.

12 They send me, like, say, "Oh, this, we found  
13 it printed, but the rest of it, if you want to look  
14 yourself, look yourself." That's how they work.  
15 It's not --

16 **Q I'm sorry. What I want to know is when**  
17 **these were put on the Internet and where.**

18 A Okay. Okay. Where, I'm not going to give  
19 you all of them. When and what the PDF file says where  
20 they found it, I'll give you the whole file. It says the  
21 date, it has everything.

22 But, all the sites, they don't even tell me.  
23 And I mean, basically, like I said, some of those press  
24 release sites, they send to 30,000 different places.

25 **Q Well, why don't you send me the e-mail that**

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1 **you sent them saying, "Put this on the" -- "Release**  
2 **This."**

3 A You send an e-mail, you go to their site --  
4 let me send you the PDF and you'll understand how it  
5 works.

6 If you, basically, go to their site, they  
7 have, "Fill this out, fill this out, copy and paste in  
8 there," and that's it.

9 And then, when they release it, they say,  
10 for example, it's going to be released September. And  
11 they say, okay, we found this release, their computer  
12 file, in 20 different places that it was released and  
13 that's it.

14 **Q And what's the name of the service that**  
15 **you're using for this?**

16 A We used Press Jet, EIN Press and we used,  
17 once, Business Wire.

18 THE REPORTER: What was the first one you  
19 said again? I'm sorry. Press?

20 THE WITNESS: Press Jet.

21 THE REPORTER: Press Jet.

22 THE WITNESS: Then EIN Press. And the  
23 one -- the first one that we started was, it was --  
24 well, it was brand of no -- nothing, is Business  
25 Wire. They took a whole bunch of money and --

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1 those, send you PDFs (unintelligible) -- look  
2 yourself.

3 MR. TENREIRO: Anything else?

4 THE WITNESS: That's it.

5 MR. TENREIRO: Okay. Now we can go off the  
6 record. Thank you.

7 (Whereupon, at 12:45 p.m., the examination  
8 was concluded.)

9 \* \* \* \* \*

PROOFREADER'S CERTIFICATE

In the Matter of: RECoin

Witness: Maksim Zaslavskiy

File Number: NY-09743-A

Date: Wednesday, September 20, 2017

Location: Washington, D.C.

This is to certify that I, Christine Boyce,  
(the undersigned) do hereby swear and affirm that  
the attached proceedings before the U.S. Securities  
and Exchange Commission were held according to the  
record, and that this is the original, complete,  
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with the reporting or recording accomplished at the  
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